

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
CITY OF WESLACO, TEXAS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Issued By:

MIKE PEREZ, City Manager

SONIA FLORES, Assistant Finance Director

**GOVERNMENT
EXHIBIT
150**

DOJ_0128631

**CITY OF WESLACO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014**

TABLE OF CONTENTS

	<u>TABLE</u>	<u>PAGE</u>
PART I		
INTRODUCTORY SECTION		
Organizational Chart		
City Officials		
Letter of Transmittal		a
PART II		
FINANCIAL SECTION		
Independent Auditor's Report		1
Management's Discussion and Analysis		4
Basic Financial Statements:		
Government-Wide Financial Statements		
Statement of Net Position		13
Statement of Activities		15
Fund Financial Statements		
Governmental Funds:		
Balance Sheet		17
Reconciliation of the Balance Sheet to the Statement of Net Position		19
Statement of Revenues, Expenditures and Changes in Fund Balances		20
Reconciliation of Statement of Revenues, Expenditures, Expenditures, and Changes in the Fund Balances to the Statement of Activities		22
Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-Governmental Funds		23
Proprietary Funds:		
Statement of Net Position		24
Statement of Revenues, Expenses and Changes in Net Position		27
Statement of Cash Flows		29

**CITY OF WESLACO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014**

TABLE OF CONTENTS

	<u>TABLE</u>	<u>PAGE</u>
Notes to Financial Statements		32
Required Supplementary Information:		
Schedule of Fundings Progress-Texas Municipal Retirement System		69
Supplementary Combining Fund Financial Statements -		
Non-Major Governmental Funds:		
Combining Balance Sheets		70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Changes		72
Individual Fund Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual		73
 COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND ACCOUNT GROUPS		
 GOVERNMENTAL FUNDS TYPES		
 <u>General Fund</u>		
Comparative Balance Sheet		76
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual		77
Schedule of Revenues-Budget and Actual		79
Schedule of Expenditures-Budget and Actual		81
 <u>Special Revenue Funds</u>		
Combining Balance Sheet		87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual		89
Economic Development Corporation of Weslaco Schedule of Expenditures		91

**CITY OF WESLACO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014**

TABLE OF CONTENTS

	<u>TABLE</u>	<u>PAGE</u>
<u>Debt Service Funds</u>		
Combining Balance Sheet		93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances		94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual		95
<u>Capital Projects Funds</u>		
Combining Balance Sheet		96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances		98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-2003 CO Bond		100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-2007 CO Bond		101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-2013 CO Bond		102
PROPRIETARY FUNDS TYPES		
<u>Enterprise Funds</u>		
Combining Balance Sheet		103
Combining Statement of Revenues and Expenses and Changes in Retained Earnings		105
Combining Statement of Cash Flows		109
<u>Water and Wastewater Fund</u>		
Comparative Balance Sheet		113
Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings		115
Comparative Statement of Cash Flows		116
Schedule of Changes in Assets Restricted for Revenue Bond Debt Service		118
Schedule of Revenues and Expenses to Indicate Net Revenue Available for Debt Service		119

**CITY OF WESLACO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014**

TABLE OF CONTENTS

	<u>TABLE</u>	<u>PAGE</u>
<u>Water and Wastewater Fund (continued)</u>		
Fixed Assets and Allowance for Depreciation-Water Operations		120
Fixed Assets and Allowance for Depreciation-Wastewater Operations		122
Comparative Statement of Revenues and Expenses from Water Operations		124
Comparative Statement of Revenues and Expenses from Wastewater Operations		125
Schedule of Expenditures-Budget and Actual-Water Operations		126
Schedule of Expenditures-Budget and Actual-Wastewater Operations		127
<u>Solid Waste Fund</u>		
Comparative Balance Sheet		128
Comparative Statement of Revenues and Expenses and Changes in Retained Earnings		129
Comparative Statement of Cash Flows		130
Schedule of Expenditures-Budget and Actual		132
Fixed Assets and Allowance for Depreciation		133
<u>Airport Fund</u>		
Comparative Balance Sheet		135
Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings		136
Comparative Statement of Cash Flows		137
Fixed Assets and Allowance for Depreciation		139
INTERNAL SERVICE FUNDS		
<u>Equipment Replacement Fund</u>		
Combining Balance Sheet		141
Combining Statement of Revenues, Expenses and Changes in Retained Earnings		142
Comparative Statements of Cash Flows		143

**CITY OF WESLACO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014**

TABLE OF CONTENTS

	<u>TABLE</u>	<u>PAGE</u>
FUDICIARY FUND		
<u>Pension Trust Fund-Firemen's Retirement Fund</u>		
Statement of Fudiciary Net Position		144
Statement of Changes in Net Position		145
Comparative Statement of Cash Flows-Pension Trust Fund		146
<u>GENERAL FIXED ASSETS ACCOUNTS GROUP</u>		
Schedule of General Fixed Assets-By Source		147
Schedule of General Fixed Assets-By Function and Activity		148
Schedule of Changes in General Fixed Assets- By Function and Activity		149
<u>SUPPLEMENTAL STATEMENTS AND SCHEDULES</u>		
Schedule of Taxes Receivable-By Funds		150
Analysis of Tax Collections, Adjustments, and Allocation to Funds		151
BONDED DEBT REQUIREMENTS		
Schedule of Changes in Bonded Debt		152
Summary of Bonded Debt Requirements to Maturity		154
Debt Service Requirements to Maturity- General Obligation Funds Schedules:		
Tax & Waterworks & Sewer System-Surplus Revenue, Certificates of Obligation, Series 2007		156
General Obligations Refunding Bonds Series 2010 (Target Savings)		157
Limited Tax Refunding Bonds, Series 2012		158
Tax and Revenue, Certificates of Obligation, Series 2013		159
Tax & Waterworks & Sewer System Surplus Revenues Certificates of Obligation, Series 2007		160
General Obligation Refinancing Bonds Series 2010 (Target Savings)		161

**CITY OF WESLACO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014**

TABLE OF CONTENTS

	<u>TABLE</u>	<u>PAGE</u>
BOND DEBT REQUIREMENTS (CONTINUED)		
Waterworks and Sewer System Revenue Refunding Bonds, Series 2010		162
Tax Notes, Series 2011		163
Tax and Revenue, Certificates of Obligation, Series 2012		164
Tax and Revenue, Certificates of Obligation Note, Series 2014		165
Economic Development Sales Tax Revenue Bonds, Series 2011A		166
Economic Development Sales Tax Revenue Bonds, Series 2011B		167
Economic Development Sales Tax Revenue Bonds, Series 2012		168
Economic Development Sales Tax Revenue Bonds, Series 2013		169
PART III		
STATISTICAL SECTION		
Net Assets by Components-Last Five Fiscal Years	I	171
Change in Net Assets-Last Five Fiscal Years	II	172
Change in Net Assets-Last Five Fiscal Years	III	173
Changes in Fund Balances, Governmental Funds -Last Five Fiscal Years	IV	174
Property Tax Levies and Collections - Last Ten Fiscal Years	V	176
Assessed Value of Taxable Property - Last Ten Fiscal Years	VI	177
Property Tax Rates and Tax Levies-All Overlapping Governments Last Ten Fiscal Years	VII	178
Principal Property Taxpayers	VIII	180
Computation of Direct and Overlapping Debt	IX	181
Legal Debt Margin Information - Last Ten Fiscal Years	X	182
Pledged-Revenue Coverage - Last Ten Fiscal Years	XI	184
Ratios of Outstanding Debt by Type - Last Five Fiscal Years	XII	185
Taxable Sales by Industry - Last Five Calendar Years	XIII	187
Sales Tax Revenue Payers By Industry - Calendar Years 2010 and 2006	XIV	188
Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years	XV	190
Miscellaneous Statistical Facts	XVI	191

**CITY OF WESLACO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014**

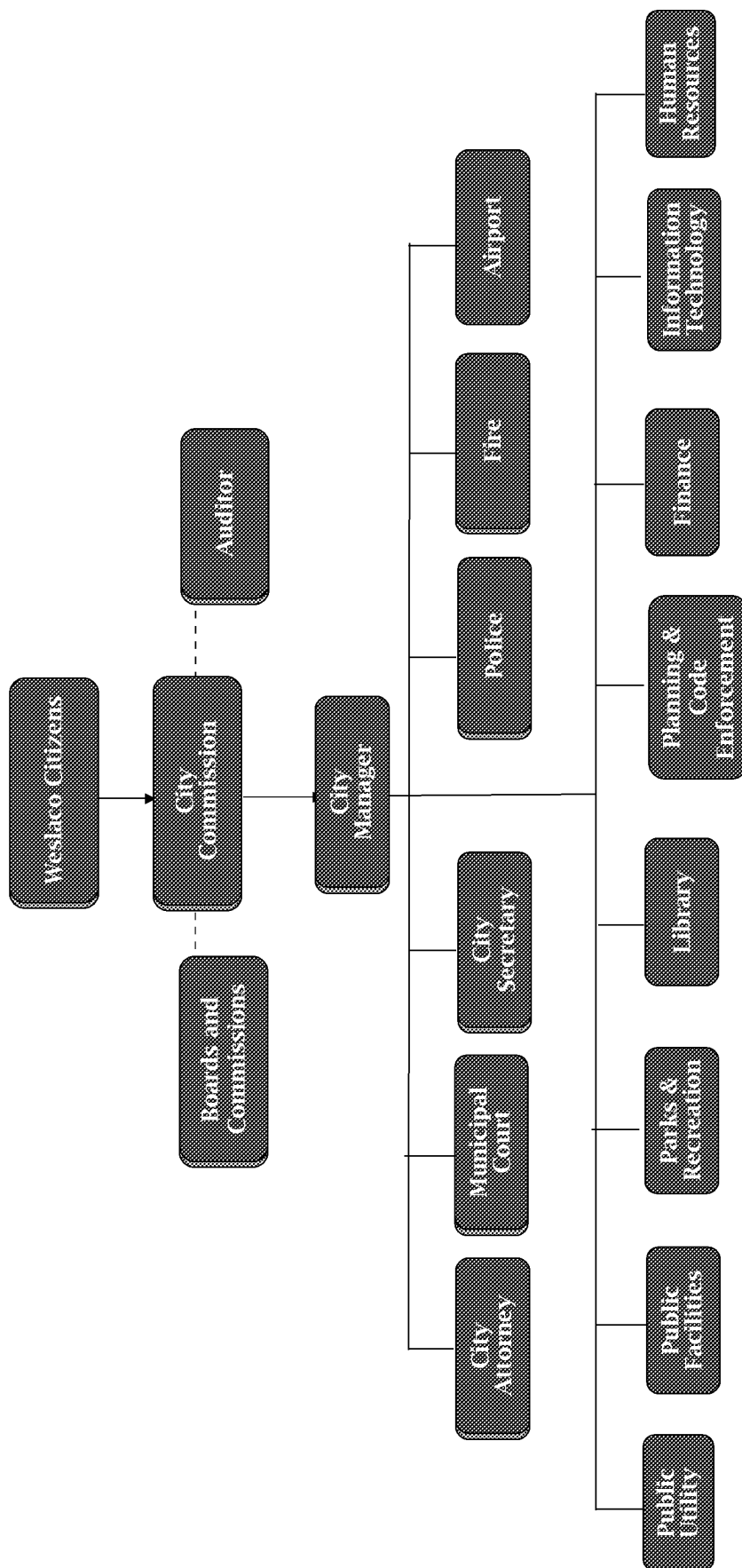
TABLE OF CONTENTS

	<u>TABLE</u>	<u>PAGE</u>
 PART III STATISTICAL SECTION (Continued)		
Demographic and Economic Statistics - Last Ten Calendar Years	XVII	192
Operating Indicators and Capital Assets Statistics By Function/Program Last Ten Fiscal Years	XVIII	193
Principal Employers - 2010 and 2003	XIX	194
Full-Time Equivalent Employees by Function - Last Ten Fiscal Years	XX	195
Schedule of Insurance Coverage	XXI	196
 DISCLOSURE REQUIREMENTS		
Continuing Disclosure Requirements of Sec Rule 15 (C) 2-12 Waterworks System Statistical Information		202
 PART IV SINGLE AUDIT SECTION		
Schedule of Federal and State Financial Assistance		218
Notes to Schedule of Federal Financial Assistance		224
Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An audit of Financial Statements Performed In Accordance With Governmental Auditing Standards		226
Schedule of Findings and Questioned Costs		
Section I - Summary of Auditor's Results		228
Section II - Financial Statement Findings		229

PART I

INTRODUCTORY SECTION

City of Weslaco Organizational Chart



CITY OF WESLACO, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014

CITY OFFICIALS

Mayor	David Suarez
Mayor Pro-Tem	Olga Noriega
Commissioner	David R. Fox
Commissioner	Greg Kerr
Commissioner	Gerardo “Jerry” Tafolla
Commissioner	Lupe V. Rivera
Commissioner	Fidel L. Pena III
City Manager	Mike Perez
Assistant Finance Director	Sonia Flores
City Secretary	Elizabeth M. Walker
City Attorney	Francisco J. Garza
Chief Appraiser	Rolando Garza Hidalgo County Appraisal District
Collector of Taxes	Paul Villarreal County of Hidalgo
Interim Chief of Police	Sergio Ramirez
Interim Fire Chief	Christopher Sanchez
Municipal Court Administrator	Rosa Huerta
Planning and Code Enforcement Director	Mardoqueo Hinojosa
Human Resources Director	Veronica Ramirez
Information Technology	Juan Salas
Parks & Recreation Director	David Arce
Public Facilities Director	Oscar Garcia
Public Utilities Director	David Salinas
Library Director	Arnold Becho
Aviation Director/Emergency Management	George P. Garrett

City of Weslaco

"The City on the Grow"



David Suarez, Mayor
Olga M. Noriega, Mayor Pro-Tem, District 3
David R. Fox, Commissioner, District 1
Greg Kerr, Commissioner, District 2
Gerardo "Jerry" Tafolla, Commissioner, District 4
Lupe V. Rivera, Commissioner, District 5
Fidel L. Pena, III, Commissioner, District 6

Mike R. Perez, City Manager

May 1, 2015

The Honorable Mayor David Suarez,
City Commission and
Citizens of the City of Weslaco

The Comprehensive Annual Financial Report (the CAFR) of the City of Weslaco, Texas (The City) for the fiscal year ended September 30, 2014, is submitted in accordance with Section 28 of the City Charter.

Management assumes full responsibility for the completeness and reliability of the information contained in this report.

To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the city's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Garcia & Pena, Certified Public Accountants, have issued an unqualified ("clean") opinion of the City of Weslaco's financial statements for the year ended September 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City of Weslaco

The City of Weslaco, Texas, established in 1919, is located in the southern tip of Texas in the heart of the Rio Grande Valley, which is considered to be one of the top growth areas in the state, and in the country. The city currently occupies a land area of 15 square miles and serves an estimated population of 37,093. The city is authorized to levy a property tax on both real and personal properties located within its boundaries. It also is authorized by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission. The city has more than 64,000 inhabitants for the purposes of annexation.

The City of Weslaco has operated under the Council-Manager form of government since incorporation in 1928. Policy-making and legislative authority are vested in a City commission consisting of a Mayor and six Commissioners. The City Commission is responsible, among other things, for enacting ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for implementing the policies and ordinance of the City Commission, for managing the day-to-day operations of the City, and for appointing the directors of the various departments. The Commission is elected on non-partisan basis. The Mayor and Commissioners serve three year staggered terms, with two commissioners elected every year except for every third year when the Mayor is elected.

The City provides a full range of services, including police and fire protection; emergency management services; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Water and wastewater services are also provided by the City. The City also is financially accountable for a legally separate economic development corporation, which is reported separately within the City of Weslaco's financial statements. Additional information on this legally separate entity can be found in Note A in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager during the budget process. The city Manager uses these requests to initiate a proposed budget. The City Manager then presents this proposed budget to the Commission for review. The City commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th, the end of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g. police). Department directors may, with City Manager's approval, make transfers of appropriations within their department. Transfers of appropriations between departments, however, require the approval of the City Commission. Budget-to-Actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 77-86 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the special revenue funds subsection of this report on page 89.



"The City on the Grow"

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. Located in the center of the Rio Grande Valley, City of Weslaco is experiencing tremendous growth. Both property and sales taxes revenues reflect an increase in comparison to prior year and are expected to continue growing in the next few years.

Because of its location, the City of Weslaco is also experiencing reduction in unemployment rates. According to the Texas Workforce Commission data link (TRACER), the unemployment rate decreased from 9.3% to 6% as of March 2015. The largest employer is the Weslaco Independent School District with 2,825 employees.

Due to its strong and healthy economy, the City of Weslaco has maintained a credit rating of A+ from Standard and Poor's and Moody's recently updated the City's rating from "A3" to "A2".

Long-term Financial Planning. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 31% of total General Fund Revenues. The goal is to maintain at least 25% at all times. The unrestricted fund balance at September 30, 2014, exceeded the goal.

The City Commission has also been focusing on the City's property tax rate. This focus has been driven by the desire to give taxpayers the best value for their money as well as making Weslaco more attractive to business and residents looking to relocate. The City Commission began reducing the tax rate by one cent during Fiscal Year 2014. The tax rate decreased from \$0.6967 to \$0.6867 per \$100.00 valuation. The rate further decreased by an additional one cent in Fiscal Year 2015. Depending on the financial situation of the City, City Commission adopted a long-term plan proposing lowering the property tax rate every two years to continue attracting new businesses.

Cash Management Policies and Practices. Cash temporarily idle during the year was invested in certificates of deposit and in TEXPOOL. To maximize the earnings and reduce the bank fees, the City changed depository banks during Fiscal Year 2014. All funds kept with the depository bank are collateralized at a minimum rate of 102% of the market value. The City plans to diversify its portfolio in Fiscal Year 2015 and invest in securities to maximize earnings.

Pension and Other Post Employment Benefits. The City of Weslaco contributes to a single-employer defined benefit pension plan for its fire fighters. Every few years, an independent actuary engaged by the pension plan calculates the amount of benefits that can be paid to beneficiaries of the plan in light of the number of participants, contribution rates, and projected investment earnings, in order to ensure that the plan will be able to fully meet its obligations to



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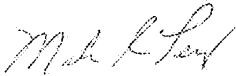
retired employees on a timely basis. As a matter of policy, the City of Weslaco fully funds each year's annual required contribution to the pension plan as determined by the actuary.

The City of Weslaco also provides pension benefits for its employees not covered by the firefighters' pension plan. These benefits are provided through a defined contribution plan in the state-wide Texas Municipal Retirement System (TMRS). The City of Weslaco contributes 2 to 1 basis points. The employees' current contribution rate is 7%.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Administration Departments. We would like to express our appreciation to all staff that assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Weslaco finances.

Respectfully submitted,



Mike Perez
City Manager



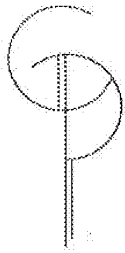
Sonia Flores,
Assistant Finance Director



"The City on the Grow"

PART II

FINANCIAL SECTION



GARCIA & PEÑA

Certified Public Accountants
P. O. Box 8032

301 West 4th
Weslaco, Texas 78599

956-969-1433 • Fax 956-968-1467 • 956-421-4601

Manuel B. Garcia, CPA
Jaime X. Peña, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Member of the City Commission
City of Weslaco
255 S. Kansas Ave.
Weslaco, Texas 78596

Honorable Mayor and Members of the City Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate blended presented component unit, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents. We also have audited the individual fund financial statements and schedules as of and for the year ended September 30, 2014 with comparisons to September 30, 2013, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Economic Development Corporation of Weslaco, Texas (Fund), a blended presented component unit was not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate blended presented component units, each major fund, and the aggregate remaining fund information, of the City of Weslaco, Texas, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basis financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

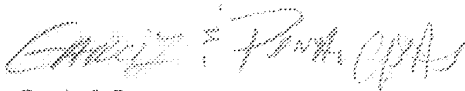
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Weslaco, Texas basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2015, on our consideration of the City of Weslaco, Texas internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Weslaco, Texas internal control over financial reporting and compliance.



Garcia & Pena,
Certified Public Accountants

May 5, 2015

City of Weslaco, Texas

Management's Discussion and Analysis

As management of the City of Weslaco, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Weslaco for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages a - d of this report.

Financial Highlights

City Changes in Net Position – Governmental and Business-Type Activities

Total government-wide net position increased \$7.0M as a result of this year's operations. Governmental activities contributed \$4.2M with the balance of \$2.8M resulting from business-type activities.

- t Governmental Activities – Revenues and Expenses Compared to Last Year - Total revenues increased \$192,827 over last year, however, sales tax increased \$259,670, but were offset by a decrease in grants of \$208,942. Property taxes decreased by \$78,516, but were offset by a increase of \$63,583 in other general revenues. Expenses increased \$1,720,544 or 6.98% more than last year. The increase was the result of a \$ 138,866 increase in interest and long-term financing costs, \$1,567,037 in capital outlay, \$919,702 in general government and administration, but with decreases in public safety, public works and economic development of \$790,007.
- t Business-Type Activities – Revenues and Expenses Compared to Last Year - Total revenues decreased \$1,035,962 from last year. Charges for services decreased by \$257,402. Grants and contributions decreased by \$778,560. Expenses decreased \$587,839 netting \$2,873,383 net increase in financial position for the year.
- t City as a Whole – Revenues and Expenses Compared to Last year - Governmental revenues increased by \$867,639, with the significant increases in sales taxes of \$259,670, and an increase of \$405,249 gain on sale of assets, while expenditures decreased by \$340,419, mainly a reduction of development services. Business-type revenues decreased by \$1,051,558, thus reducing revenues 16.48% less than last year, and expenses decreased by \$587,839 or 23.80% less than last year.
- t As of the close of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$18,445,986. Approximately 48.75% of this total amount, \$8,992,156 is available for spending at the government's discretion (undesignated fund balance).
- t At the end of the current fiscal year, the general fund's fund balance was \$7,125,040, or 31.00% of total general fund expenditures.

City of Weslaco, Texas

Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Weslaco's basic financial statements. The City of Weslaco's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City of Weslaco's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Weslaco's assets, deferred outflows of resources, and liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Weslaco is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Weslaco that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Weslaco include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Weslaco include water and wastewater, solid waste, and an airport.

The government-wide financial statements include not only the City of Weslaco itself (known as the primary government), but also the Weslaco Economic Development Corporation (EDC), which is a legally separate entity. The City Commission appoints the EDC board members and sets expenditure caps over which the City of Weslaco Commissioners' approval is required. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-16 of this report.

City of Weslaco, Texas

Management's Discussion and Analysis

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Weslaco, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Weslaco can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Weslaco maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the Economic Development Corporation, and the capital projects fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Weslaco adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-23 of this report.

City of Weslaco, Texas

Management's Discussion and Analysis

Proprietary funds. The City of Weslaco maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Weslaco uses enterprise funds to account for its water and wastewater fund, for its solid waste fund and for its airport fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Weslaco's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater fund, the solid waste fund, and the airport fund, all of which are considered to be major funds of the City of Weslaco. Individual fund data for the internal service fund is provided elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-31 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Weslaco's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 144-146 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-70 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Weslaco, assets exceeded liabilities by \$71,488,520 at the close of the most recent fiscal year.

The City of Weslaco's net position available for capital projects acquisition is \$15,923,940 which reflects 22.27% of total net position.

City of Weslaco, Texas

Management's Discussion and Analysis

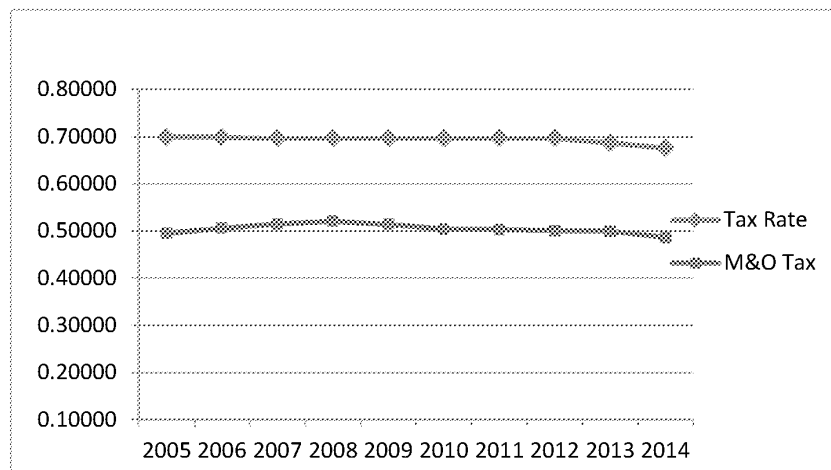
On September 30, 2014, the City had an outstanding bonds balance of \$93,950,558 and had \$1,633,169 in cash to be used for completing the 2007 bond issues projects that were committed for different projects such as street improvements, purchase of paving equipment, and the airport runway expansion.

An additional portion of the City of Weslaco's net position (3 percent) represents other resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* is a \$14,824,337. This amount may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Weslaco is able to report positive balances of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities. The property tax levy increased by \$107,737 (1.11 percent) during the year due mostly to new development and construction. The tax rate has been reduced or maintained each year for the last eight years. This has been due to a concerted effort on the part of the City Commission to maintain or reduce the tax rate. Below is a graph showing the changes in the maintenance and operation (M & O – used for operations of the City) as it compares with the total property tax rate that includes the debt service portion of the tax rate as well.

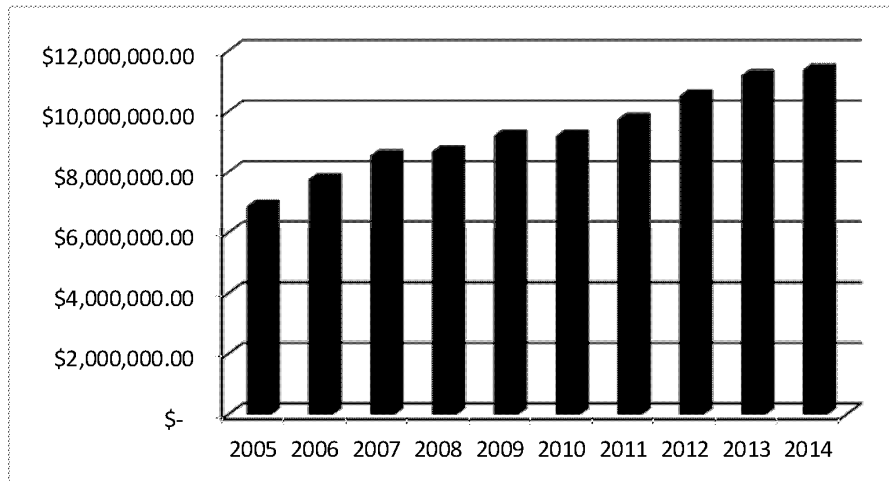
Total Property Tax Rate vs. M&O Tax Rate



Sales tax rebates amounted to \$11,482,187 for the year with an increase of \$259,670 or 2.26% over the last fiscal year. Of the total amount collected, 25% goes to the Weslaco Economic Development Corporation. The remainder stays in the General Fund with some of those funds being used for the operation of the library.

City of Weslaco, Texas Management's Discussion and Analysis

Sales Tax Rebates



Operating grants for governmental activities amounted to \$-0- in the General Fund. It is the practice of the City of Weslaco to utilize grant revenues whenever possible to improve city services and quality of life in our community.

Business-type activities. Business-type activities accounted for 54.38% of the City of Weslaco's net position.

- t The water rates (base fee) decreased 2.00% and per meter charges were implemented, and both water and wastewater rates were re-evaluated in order to mirror the demand on residential and commercial customers. Both services were adjusted during the current fiscal year by a 5.00% reduction.
- t The net position of the Water & Wastewater Fund increased by \$2,367,884. Revenues decreased by \$458,040 and expenses increased by \$124,013.
- t The net position of the Solid Waste Fund increased by \$641,099. Revenues increased by \$565,699 and expenses increased by \$86,004.
- t The net position of the Airport Fund decreased by \$335,600. The Airport Fund receives revenues from fuel sales, hangar rentals, and grants. Any shortfalls are subsidized by the General Fund. Grants from the state are utilized when possible to improve and maintain the airport.
- t Investment earnings increased by \$4,013 for business-type activities because of an overall high balance of cash and cash investments during most of the year.

City of Weslaco, Texas

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

As noted earlier, the City of Weslaco uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Weslaco's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Weslaco's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$18,445,986. Approximately 48.59% of this total amount \$8,992,156 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, or 2) to pay debt service.

The general fund is the chief operating fund of the City of Weslaco. At the end of the current fiscal year, the general fund's unreserved fund balance was \$6,478,642 the total fund balance reached \$7,125,040. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34.94 percent of total general fund expenditures, while total fund balance represents 38.60 percent of that same amount. While it is recommended that the General Fund should have an unreserved fund balance of no less than 5 to 15% of operating expenditures, the City has placed the target for unreserved fund balance in the General Fund at 25%. The City has implemented a fiscal forecast model that is designed to increase the fund balance in the General Fund to 25% by the year 2015, in the prior year the City had reached its goal.

- 1 The City Commission maintained the tax rate to \$.6867 for the 2014 tax levy balance.
- 1 The sales tax revenues increased by 2.26% over the prior year. The increase in the sales tax revenues can be attributed at least in part to retail development on the expressway.

The debt service fund has a total fund balance of \$798,285 after all scheduled debt service payments were made, all of which is reserved for the payment of debt service. It is prudent to maintain a fund balance in the debt service fund up to one year's debt service payments. The scheduled tax supported debt service payments for fiscal year 2014 was \$2,887,186, with interest paid of \$910,929.

City of Weslaco, Texas

Management's Discussion and Analysis

Proprietary funds. The City of Weslaco's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Wastewater Fund at the end of the year amounted to \$3,855,383, the unrestricted position for the Solid Waste Fund amounted to \$2,514,212 and those for the Airport Fund amounted to \$(274,797). Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Weslaco's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Weslaco's investment in capital assets for its governmental and business type activities as of September 30, 2014, amounts to \$136,052,753 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Weslaco's investment in capital assets for the current fiscal year was 58.39% (a 58.32% increase for business-type activities, and 58.55% increase for governmental activities).

Additional information on the City of Weslaco's capital assets can be found in Note F on pages 46-47 of this report.

Long-term debt. At the end of the current fiscal year, the City of Weslaco had total bonded debt outstanding of \$93,950,558. Of this amount, \$23,116,250 comprises debt backed by the full faith and credit of the government. The remainder of the City of Weslaco's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Weslaco currently has an "A+" rating from Standard & Poor's and Moody's recently updated the City's ratings from "A3" to an "A2" for general obligation debt. This is reflective of the rating review in February 21, 2014, by Standard & Poor's and March 25, 2015 by Moody's.

In 1995, the State Legislature enacted a 10% (of taxable valuations) debt limit rate for school districts in Texas and has subsequently been used by municipalities as a general rule in computing debt margin.

Additional information on the City of Weslaco's long-term debt can be found in Note G on pages 48-54 of this report.

City of Weslaco, Texas

Management's Discussion and Analysis

Economic Factors and Next Year's Budget

- 1 The employment rate for the City of Weslaco is currently 93.6 percent, compared to 89.0 percent a year ago. This rate compares to the state's average employment rate of 95.7 percent.
- 1 Due to a desire by the City Commission to make the City of Weslaco more attractive to businesses and individuals, the adopted property tax rate was maintained to \$.6867 per \$100 of valuation for fiscal year 2014. This tax rate represents the lowest tax rate in thirteen years, as well as a concerted effort on the part of the City Commission and staff to continue the downward trend on the tax rate. While the City Commission is doing their part to keep the tax rate as low as possible it is important to note that the City's tax rate is only one of six tax rates from all taxing entities that together make up the total tax rate for Weslaco's citizens. Weslaco's total tax rate is quite favorable when compared with other cities in the area.

Taxing Entity	<u>Mcallen</u>	<u>Mission</u>	<u>Weslaco</u>	<u>Edinburg</u>	<u>Pharr</u>
Population	136,639	81,050	37,093	80,836	73,790
Valuation	\$ 7,920,315,405	\$ 3,562,331,638	\$ 1,419,011,740	\$ 3,430,152,761	\$ 2,282,167,892
City	\$ 0.4763	\$ 0.5188	\$ 0.6867	\$ 0.6350	\$ 0.6800
Drainage	0.0957	0.0957	0.0957	0.0957	0.0957
Hidalgo County	0.5900	0.5900	0.5900	0.5900	0.5900
STC	0.1850	0.1850	0.1850	0.1850	0.1850
ISD	1.1650	1.3300	1.1397	1.2398	1.3592
STISD	0.0492	0.0492	0.0492	0.0492	0.0492
Total	\$ 2.5612	\$ 2.7687	\$ 2.7463	\$ 2.7947	\$ 2.9591

Note: Population figures are 2013 estimates obtained from the U.S. Census Bureau.
Valuation represents "Net Taxable Before Freeze" as reported by the Hidalgo County Appraisal District for the tax year 2013.
Tax rates are for the tax year 2013 and were obtained from the Hidalgo County Appraisal District.

Requests for Information

This financial report is designed to provide a general overview of the City of Weslaco's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 255 S Kansas Avenue, Weslaco, Texas, 78596.

City of Weslaco, Texas
Management's Discussion and Analysis

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BASIC FINANCIAL STATEMENTS

CITY OF WESLACO, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash investments	\$ 17,647,035	\$ 5,160,129	\$ 22,807,164
Receivables (net of allowance for doubtful accounts)	-	-	-
Utility receivables	-	2,899,150	2,899,150
Ad valorem taxes	1,274,784	-	1,274,784
Sales taxes	906,767	-	906,767
Ambulance fees	237,774	-	237,774
Other	468,645	-	468,645
Other assets	-	-	-
Due from other governments	453,223	40,604	493,827
Internal balances	(202,631)	202,631	-
Notes receivables	648,263	-	648,263
Due from others	-	-	-
Prepaid items	123,331	-	123,331
Inventories	56,779	131,707	188,486
Assets held for resale	300,090	-	300,090
Long-term note receivable (SDI Weslaco Holdings, LLC)	3,151,298	-	3,151,298
Restricted assets:			
Cash and cash investments	1,556,652	16,009,169	17,565,821
Capital assets:			
Land	3,945,414	2,551,870	6,497,284
Buildings	19,553,104	1,010,863	20,563,967
Equipment	13,130,080	8,327,098	21,457,178
Improvements	37,068,147	69,796,441	106,864,588
Infrastructure (380 Agreements)	7,629,307	-	7,629,307
Construction-in-progress	761,652	38,486,053	39,247,705
Accumulated depreciation	(32,370,009)	(33,837,267)	(66,207,276)
Total assets	<u>76,339,705</u>	<u>110,778,448</u>	<u>187,118,153</u>
Deferred outflows of resources	<u>129,216</u>	<u>415,413</u>	<u>544,629</u>
Total Assets and Deferred outflows of resources	<u>\$ 76,468,921</u>	<u>\$ 111,193,861</u>	<u>\$ 187,662,782</u>

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	\$ 623,957	\$ 638,878	\$ 1,262,835
Accrued salaries payable	323,929	55,291	379,220
Bank overdraft	-	-	-
Contracts payable	336,582	4,086,701	4,423,283
Other liabilities	404,427	129,883	534,310
Trust-Boy's & Girl's Club	910,601	-	910,601
Trust-Friends of the Library	486,104	-	486,104
Trust-PEG	159,947	-	159,947
Unearned revenue	-	-	-
Payable from restricted assets:			
Current portion of long-term debt	-	-	-
Revenue bonds payable	-	2,482,149	2,482,149
Accrued interest	140,896	386,012	526,908
Deposits	-	943,214	943,214
Due within one year	3,859,215	155,699	4,014,914
Non-current liabilities:			
Due in more than one year	36,098,761	63,440,266	99,539,027
Total Liabilities	<u>43,344,419</u>	<u>72,318,093</u>	<u>115,662,512</u>
Deferred inflows of resources	<u>511,750</u>	<u>-</u>	<u>511,750</u>
Net Position			
Invested in capital assets	11,915,869	20,858,502	32,774,371
Restricted for:			
Inventory	356,869	-	356,869
Prepaid items	123,331	-	123,331
Debt service	1,493,541	2,397,965	3,891,506
General fund	466,288	-	466,288
Special revenue funds	3,127,878	-	3,127,878
Capital projects	6,399,437	9,524,503	15,923,940
Unrestricted	8,729,539	6,094,798	14,824,337
Total Net Position	<u>\$ 32,612,752</u>	<u>\$ 38,875,768</u>	<u>\$ 71,488,520</u>
Total Liabilities, Deferred inflow of resources, and Net Position	<u>\$ 76,468,921</u>	<u>\$ 111,193,861</u>	<u>\$ 187,662,782</u>

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2014

Program Activities	Expenses	Program Revenues		
		Fees, Fine and Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government and administration	\$ 4,699,927	\$ 588,302	\$ 5,390	\$ -
Public safety	10,563,302	748,737	178,911	-
Emergency medical services	269,969	1,250,542	-	-
Public works	3,056,584	-	-	374,288
Culture and recreation	1,660,311	58,433	49,598	89,280
Development services	2,143,748	96,945	-	-
Sales tax rebates	580,488	-	-	-
Interest on long-term debt	1,182,183	-	-	-
Total governmental activities	24,156,512	2,742,959	233,899	463,568
Business-type activities:				
Water and Wastewater	8,742,284	11,744,692	-	481,853
Solid Waste	4,118,328	4,860,177	-	-
Airport	542,634	207,034	-	-
Total business-type activities	13,403,246	16,811,903	-	481,853
Total governmental and and business-type activities	\$ 37,559,758	\$ 19,554,862	\$ 233,899	\$ 945,421

General Revenues

Taxes:

Ad valorem

Sales

Occupancy

Other

Franchise fees

Intergovernmental

Investment earnings

Gain (loss) on sale/retirement of
capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

**Net position at beginning of year,
as restated (Note V)**

Net position at end of year

The notes to the financial statements are an integral part of this statement

Net (Expenses) Revenue And Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (4,106,235)	\$ -	\$ (4,106,235)
(9,635,654)	-	(9,635,654)
980,573	-	980,573
(2,682,296)	-	(2,682,296)
(1,463,000)	-	(1,463,000)
(2,046,803)	-	(2,046,803)
(580,488)	-	(580,488)
(1,182,183)	-	(1,182,183)
<u>(20,716,086)</u>	<u>-</u>	<u>(20,716,086)</u>
-	3,484,261	3,484,261
-	741,849	741,849
-	(335,600)	(335,600)
<u>-</u>	<u>3,890,510</u>	<u>3,890,510</u>
<u>(20,716,086)</u>	<u>3,890,510</u>	<u>(16,825,576)</u>
9,767,217	-	9,767,217
11,441,937	-	11,441,937
419,960	-	419,960
98,368	-	98,368
1,566,401	-	1,566,401
-	-	-
130,602	4,013	134,615
56,720	-	56,720
377,674	-	377,674
1,021,140	(1,021,140)	-
<u>24,880,019</u>	<u>(1,017,127)</u>	<u>23,862,892</u>
4,163,933	2,873,383	7,037,316
<u>28,448,819</u>	<u>36,002,385</u>	<u>64,451,204</u>
<u>\$ 32,612,752</u>	<u>\$ 38,875,768</u>	<u>\$ 71,488,520</u>

The notes to the financial statements are an integral part of this statement

**GOVERNMENTAL-TYPE
ACTIVITIES**

**CITY OF WESLACO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Economic Development</u>
Assets			
Cash and cash investments	\$ 7,134,488	\$ 230,059	\$ 3,440,724
Receivables (net where applicable of allowance for doubtful accounts):			
Ad valorem taxes	897,799	376,985	-
Sales taxes	906,767	-	-
Ambulance fees	237,774	-	-
Other	251,191	-	55,024
Other assets	-	-	-
Due from other funds	201,806	530,963	-
Due from other governments	181,794	-	-
Notes receivable	-	-	3,799,561
Restricted Cash	1,556,652	-	-
Prepaid expenses	123,331	-	-
Inventories	56,779	-	300,090
Total Assets	<u>\$ 11,548,381</u>	<u>\$ 1,138,007</u>	<u>\$ 7,595,399</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 561,379	\$ -	\$ 62,578
Accrued salaries and payroll taxes	323,929	-	-
Contracts payable	227,398	-	-
Due to other funds	530,963	-	-
Other liabilities	400,427	-	4,000
Trust account	1,556,652	-	-
Total Liabilities	<u>3,600,748</u>	<u>-</u>	<u>66,578</u>
Deferred Inflows of Resources			
Deferred revenues	822,593	339,722	3,663,048
Total Deferred Inflows of Resources	<u>822,593</u>	<u>339,722</u>	<u>3,663,048</u>
Fund Balances			
Nonspendable:			
Inventory	56,779	-	300,090
Prepaid expenses	123,331	-	-
Restricted for:			
Debt service reserve	-	-	695,256
Committed for:			
Public safety equipment	466,288	-	-
Assigned to:			
Project development	-	-	600,000
Library acquisition	-	-	-
Debt service	-	798,285	-
Capital projects	-	-	-
Unassigned:	6,478,642	-	2,270,427
Total Fund Balances	<u>7,125,040</u>	<u>798,285</u>	<u>3,865,773</u>
Total Liabilities and Fund Balances	<u>\$ 11,548,381</u>	<u>\$ 1,138,007</u>	<u>\$ 7,595,399</u>

The notes to the financial statements are an integral part of this statement

Capital Projects	Non-Major Funds	Total Governmental Funds
\$ 6,171,515	\$ 160,698	\$ 17,137,484
-	-	1,274,784
-	-	906,767
-	-	237,774
-	162,430	468,645
-	-	-
-	-	732,769
271,429	-	453,223
-	-	3,799,561
-	-	1,556,652
-	-	123,331
-	-	356,869
<u>\$ 6,442,944</u>	<u>\$ 323,128</u>	<u>\$ 27,047,859</u>
\$ -	\$ -	\$ 623,957
-	-	323,929
43,507	65,677	336,582
-	-	530,963
-	-	404,427
-	-	1,556,652
<u>43,507</u>	<u>65,677</u>	<u>3,776,510</u>
-	-	4,825,363
<u>-</u>	<u>-</u>	<u>4,825,363</u>
-	-	356,869
-	-	123,331
-	-	695,256
-	-	466,288
-	-	600,000
-	14,364	14,364
-	-	798,285
6,399,437	-	6,399,437
-	243,087	8,992,156
<u>6,399,437</u>	<u>257,451</u>	<u>18,445,986</u>
<u>\$ 6,442,944</u>	<u>\$ 323,128</u>	<u>\$ 27,047,859</u>

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Total fund balance-total governmental funds \$ 18,445,986

Amounts reported for governmental activities in the statement of net position are different because:

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Property taxes \$ 1,162,315 1,162,315

Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental fund balance sheet. Includes capital assets of Internal Service Funds. 49,717,695

Long-term note receivables are not available to pay for current period expenditures therefore are not reported as available resources but are off-set as deferred revenues. 3,151,298

Interest payables on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet. (140,896)

Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Fund are:

(Net of amount allocated to business-type activities, capital assets and long-term liabilities). Internal Service Fund balances are not included in other reconciling items:

Current assets	\$ 509,551	
Liabilities	(404,437)	
Net of amount allocated to business-type activities	-	105,114

Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (Includes Internal Service Funds' current and non-current liabilities):

Due within one year	\$ 3,859,215	
Due in more than one year	35,969,545	(39,828,760)

Net position of governmental activities \$ 32,612,752

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Economic Development</u>
Revenues			
Taxes:			
Ad valorem	\$ 7,046,902	\$ 2,586,697	\$ -
Penalty and interest	213,938	85,430	-
Sales	8,581,453	-	2,860,484
Occupancy	-	-	-
Other	98,368	-	-
Franchise fees	1,566,401	-	-
Charges for services	2,783,840	-	-
Program Income	-	-	360,576
Intergovernmental	323,179	-	-
Licenses and permits	446,828	-	-
Investment income	11,688	14,861	104,053
Fines and forfeitures	636,486	-	-
Contributions	2,736	-	-
Miscellaneous	289,580	2,165	38,362
Proceeds from sales (net)	57,115	-	(395)
Total Revenues	<u>22,058,514</u>	<u>2,689,153</u>	<u>3,363,080</u>
Expenditures			
Current:			
General government and administration	4,617,018	569	-
Public safety	10,483,329	-	-
Public works	1,558,496	-	-
Culture and recreation	944,014	-	310,069
Economic development	-	-	1,454,923
Nondepartmental	565,216	-	-
Capital outlay	290,365	-	22,000
Debt service:			
Principal retirement	-	1,975,688	735,626
Interest and fiscal charges	-	910,929	241,119
Total Expenditures	<u>18,458,438</u>	<u>2,887,186</u>	<u>2,763,737</u>
Excess (deficiency) of revenues over expenditures	<u>3,600,076</u>	<u>(198,033)</u>	<u>599,343</u>
Other financing sources (uses):			
Bond proceeds	-	-	-
Bond redemption	-	-	-
Bond issuance costs	-	-	-
Transfers in (out)	(700,000)	-	-
380 Agreement expenditures	(738,139)	-	-
Sales Tax rebates	(580,488)	-	-
Total other financing sources (uses)	<u>(2,018,627)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,581,449	(198,033)	599,343
Fund balances at beginning of year, as restated (Note V)	<u>5,543,591</u>	<u>996,318</u>	<u>3,266,430</u>
Fund balances at end of year	<u>\$ 7,125,040</u>	<u>\$ 798,285</u>	<u>\$ 3,865,773</u>

The notes to the financial statements are an integral part of this statement

Capital Projects	Non-Major Funds	Total Governmental Funds
\$ -	\$ -	\$ 9,633,599
-	-	299,368
-	-	11,441,937
-	419,960	419,960
-	-	98,368
-	-	1,566,401
-	-	2,783,840
-	-	360,576
374,288	-	697,467
-	-	446,828
-	-	130,602
-	-	636,486
-	-	2,736
-	44,831	374,938
-	-	56,720
<u>374,288</u>	<u>464,791</u>	<u>28,949,826</u>
-	-	4,617,587
-	-	10,483,329
-	-	1,558,496
-	57,338	1,311,421
-	113,297	1,568,220
-	-	565,216
1,676,311	401,745	2,390,421
-	-	2,711,314
-	-	1,152,048
<u>1,676,311</u>	<u>572,380</u>	<u>26,358,052</u>
<u>(1,302,023)</u>	<u>(107,589)</u>	<u>2,591,774</u>
-	-	-
-	-	-
-	-	-
-	-	(700,000)
-	-	(738,139)
-	-	(580,488)
<u>-</u>	<u>-</u>	<u>(2,018,627)</u>
(1,302,023)	(107,589)	573,147
<u>7,701,460</u>	<u>365,040</u>	<u>17,872,839</u>
<u>\$ 6,399,437</u>	<u>\$ 257,451</u>	<u>\$ 18,445,986</u>

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2014

Net change in fund balances-total governmental funds \$ 573,147

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 2,390,421

Long-term note advances (Repayment) (263,631)

Governmental funds do not report the retirement of fixed assets. In the Government-Wide Statement of Activities this is the amount of fixed assets retired in the current period.

Governmental funds do not recognize as revenue the sale of property on extended payment plans beyond the current year.

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (Includes Internal Service Funds' depreciation expense of \$194,780). (2,416,354)

Long-term liability for accrued vacation and accrued sick leave, bond premium amortization, and bond issuance costs amortization is not recorded with the governmental activities. 147,764

The issuance of long-term debt (e.g., bonds) provides current financial resource to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items.

Proceeds	\$	-	
Premium/Insurance Costs			
Principal Retirement		2,711,314	
380 Agreement Expenditures		738,139	3,449,453

Some property tax will not be collected for several months after the city's fiscal year end, they are not considered "available" revenues in the governmental funds. (165,750)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. 3,570

Internal Service funds are used by management to charge the costs of certain activities such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities net of amount allocated to business-type activities and depreciation.

Change in net position	\$	279,813	
Net of amount allocated to business-type activities		-	
Depreciation expense		165,500	445,313

Change in net position of governmental activities \$ 4,163,933

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP	Final
			Basis	Budget
Revenues				
Taxes:				
Ad-valorem	\$ 9,510,190	\$ 9,510,190	\$ 9,633,599	\$ 123,409
Penalty and interest	315,000	315,000	299,368	(15,632)
Sales	11,398,920	11,398,920	11,441,937	43,017
Hotel/Motel Tax	350,000	350,000	419,960	69,960
Other	69,200	69,200	98,368	29,168
Franchise fees	1,549,500	1,549,500	1,566,401	16,901
Charges for service	2,547,805	2,547,805	2,783,840	236,035
Program income	430,715	430,715	360,576	(70,139)
Intergovernmental	366,374	386,245	697,467	311,222
Licenses and permits	390,050	390,050	446,828	56,778
Investment income	60,805	60,805	130,602	69,797
Fines and forfeitures	584,300	584,300	636,486	52,186
Contributions	500	500	2,736	2,236
Miscellaneous	212,128	218,428	374,938	156,510
Proceeds from sales (net)	93,517	93,517	56,720	(36,797)
Total Revenues	27,879,004	27,905,175	28,949,826	1,044,651
Expenditures				
Current:				
General government and administration	3,467,379	4,703,297	4,617,587	85,710
Public safety	9,860,283	10,368,621	10,483,329	(114,708)
Public works	2,723,233	1,550,602	1,558,496	(7,894)
Cultural and recreation	1,453,488	1,481,385	1,311,421	(86,835)
Economic development	3,311,744	3,311,744	1,568,220	2,746,528
Nondepartmental services	489,224	583,559	565,216	(1,806,862)
Capital outlay	-	214,353	2,390,421	214,353
Debt service	-	-	-	-
Principal retirement	1,752,000	1,752,000	2,711,314	(959,314)
Interest	906,908	906,908	1,152,048	(245,140)
Total Expenditures	23,964,259	24,872,469	26,358,052	(1,485,583)
Deficiency of revenues over expenditures	3,914,745	3,032,706	2,591,774	(440,932)
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Bond redemption	-	-	-	-
Bond issuance costs	-	-	-	-
380 Agreement expenditures	(702,922)	(702,922)	(738,139)	(35,217)
Sales Tax rebates	(847,543)	(847,543)	(580,488)	267,055
Transfers in (out)	(700,000)	(700,000)	(700,000)	-
Total other financing sources (uses)	(2,250,465)	(2,250,465)	(2,018,627)	231,838
Excess (deficiency) of revenues and other sources over expenditures (uses)	\$ 1,664,280	\$ 782,241	573,147	\$ (209,094)
Fund balances at beginning of year, as restated (Note V)			17,872,839	
Fund balances at end of year			\$ 18,445,986	

The notes to the financial statements are an integral part of this statement

**BUSINESS-TYPE
ACTIVITIES**

CITY OF WESLACO, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	
Assets					
Current Assets					
Cash and cash investments	\$ 3,002,971	\$ 2,157,058	\$ 100	\$ 5,160,129	\$ 509,551
Receivables (net where applicable of allowance for doubtful accounts)	2,136,852	751,245	11,053	2,899,150	-
Accrued interest	-	-	-	-	-
Due from other funds	404,437	-	-	404,437	-
Due from other governments	40,604	-	-	40,604	-
Due from others	-	-	-	-	-
Inventories	93,824	-	37,883	131,707	-
Prepaid expenses	415,413	-	-	415,413	-
Total current assets	6,094,101	2,908,303	49,036	9,051,440	509,551
Restricted Assets					
Cash and cash investments	15,285,217	-	723,952	16,009,169	-
Non-current assets					
Capital assets					
Land	665,175	421,247	1,465,448	2,551,870	-
Buildings	362,323	-	648,540	1,010,863	-
Equipment	5,904,817	1,890,958	531,323	8,327,098	5,071,598
Improvements	64,599,394	733,242	4,463,805	69,796,441	70,864
Infrastructure	-	-	-	-	-
Construction-in-progress	37,067,820	-	1,418,233	38,486,053	-
Accumulated depreciation	(27,515,460)	(2,483,344)	(3,838,463)	(33,837,267)	(2,721,042)
Total capital assets, net of accumulated depreciation	81,084,069	562,103	4,688,886	86,335,058	2,421,420
Total non-current assets	81,084,069	562,103	4,688,886	86,335,058	2,421,420
Total assets	\$ 102,463,387	\$ 3,470,406	\$ 5,461,874	\$ 111,395,667	\$ 2,930,971

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-Type Activities-Enterprise Funds				
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Governmental Activities Internal Service Fund
Liabilities					
Current Liabilities					
Accounts payable	\$ 231,406	\$ 394,091	\$ 13,381	\$ 638,878	\$ -
Accrued salaries	50,525	-	4,766	55,291	-
Bank Overdraft	-	-	-	-	-
Due to other funds	5,754	-	196,052	201,806	404,437
Customer deposits	937,594	-	5,620	943,214	-
Other liabilities	129,883	-	-	129,883	-
Compensated absences	82,131	-	104,014	186,145	-
Total current liabilities	1,437,293	394,091	323,833	2,155,217	404,437
Liabilities payable from restricted assets					
Contract payable	4,086,701	-	-	4,086,701	-
Rebatable Arbitrage	-	-	-	-	-
Revenue bonds payable	2,482,149	-	-	2,482,149	-
Accrued interest	386,012	-	-	386,012	-
Total liabilities payable from restricted assets	6,954,862	-	-	6,954,862	-
Noncurrent liabilities					
Revenue bonds payable	62,788,008	-	-	62,788,008	-
Note payable	-	-	-	-	1,693,177
Landfill closure	-	621,812	-	621,812	-
Capital lease	-	-	-	-	-
Total noncurrent liabilities	62,788,008	621,812	-	63,409,820	1,693,177
Total liabilities	\$ 71,180,163	\$ 1,015,903	\$ 323,833	\$ 72,519,899	\$ 2,097,614

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-Type Activities-Enterprise Funds				
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Governmental Activities Internal Service Fund
Net Position					
Invested capital assets, net of related debt	\$ 16,229,325	\$ (59,709)	\$ 4,688,886	\$ 20,858,502	\$ 728,243
Restricted for:					
Revenue bond retirement	2,397,965	-	-	2,397,965	-
Construction	8,800,551	-	723,952	9,524,503	-
Unrestricted	3,855,383	2,514,212	(274,797)	6,094,798	105,114
Total net position	<u>\$ 31,283,224</u>	<u>\$ 2,454,503</u>	<u>\$ 5,138,041</u>	<u>\$ 38,875,768</u>	<u>\$ 833,357</u>

Reconciliation to government-wide statement of net position:

Adjustment to reflect the consolidation of Internal Service
Funds' activities related to Enterprise Funds

-

Net position of business-type activities

\$ 38,875,768

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	
Operating Revenues:					
Water Sales	\$ 6,032,689	\$ -	\$ -	\$ 6,032,689	\$ -
Charges for services	4,539,179	4,775,108	-	9,314,287	-
Other	-	-	206,847	206,847	-
Miscellaneous	445,769	85,069	187	531,025	-
Total operating revenues	11,017,637	4,860,177	207,034	16,084,848	-
Operating Expenses:					
Personal services	1,785,610	-	165,122	1,950,732	-
Other services and charges	1,617,516	58,175	118,824	1,794,515	20,982
Supplies	1,028,125	676	23,445	1,052,246	-
Contractual services	1,180,656	4,107,248	-	5,287,904	-
Total operating expenses	5,611,907	4,166,099	307,391	10,085,397	20,982
Depreciation	(1,490,086)	(50,380)	(235,243)	(1,775,709)	(194,790)
Income (loss) from operations	3,915,644	643,698	(335,600)	4,218,667	(215,772)
Non-operating revenues (expenses)					
Investment income	4,013	-	-	4,013	-
Unrealized gain on investments	-	-	-	-	-
Administrative fees	-	-	-	-	-
Capital Improvement fees	727,055	-	-	727,055	-
Capital grants	481,853	-	-	481,853	-
Interest expense	(2,587,576)	(2,599)	-	(2,590,175)	(33,705)
Bond issuance costs	(173,105)	-	-	(173,105)	-
Total non-operating revenues (expenses)	(1,547,760)	(2,599)	-	(1,550,359)	(33,705)
Income (loss) before transfers	2,367,884	641,099	(335,600)	2,668,308	(249,477)

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	<u>Business Type Activities-Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund</u>
	<u>Water and Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Airport Fund</u>	<u>Total</u>	
Income (loss) before transfers	2,367,884	641,099	(335,600)	2,673,383	(249,478)
Transfers in	-	-	200,000	200,000	500,000
Transfers (out)	-	-	-	-	-
Change in net position	2,367,884	641,099	(135,600)	2,873,383	250,522
Net position at beginning of year, as restated	<u>28,915,340</u>	<u>1,813,404</u>	<u>5,273,641</u>	<u>36,002,385</u>	<u>553,544</u>
Net position at end of year	<u><u>\$ 31,283,224</u></u>	<u><u>\$ 2,454,503</u></u>	<u><u>\$ 5,138,041</u></u>	<u><u>\$ 38,875,768</u></u>	<u><u>\$ 804,066</u></u>

Reconciliation to government-wide statement of net position:

Adjustment to reflect the consolidation of Internal Service
Funds' activities related to Enterprise Funds -

Change in net position of business-type activities \$ 38,875,768

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	
Cash flows from operating activities					
Cash received from customers	\$ 10,768,559	\$ 4,830,767	\$ 492,714	\$ 16,092,040	\$ -
Cash received from others	47,337	-	-	47,337	-
Cash received from operating grants	-	-	-	-	-
Cash received from other funds for services	135,798	-	-	135,798	-
Cash payments to suppliers for goods and services	(3,877,120)	(4,157,882)	(411,636)	(8,446,638)	(32,617)
Cash payments to employees for services	(1,780,891)	-	(160,827)	(1,941,718)	-
Cash payments to other funds	(404,437)	-	-	(404,437)	-
Net cash provided (used) by operating activities	<u>4,889,246</u>	<u>672,885</u>	<u>(79,749)</u>	<u>5,482,382</u>	<u>(32,617)</u>
Cash flows from noncapital financing activities					
Capital grants	568,696	-	-	568,696	-
Transfers from other funds	-	-	200,000	200,000	904,437
Transfers to other funds	-	-	196,152	196,152	(130,044)
Net cash provided (used) by noncapital financing activities	<u>568,696</u>	<u>-</u>	<u>396,152</u>	<u>964,848</u>	<u>774,393</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(15,298,411)	-	(2,378)	(15,300,789)	(1,990,622)
Casualty loss	-	-	-	-	-
Retirement on accounts payable	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Capital improvement/administrative fees	727,055	-	-	727,055	-
Bond proceeds	-	-	-	-	-
Note proceeds	9,685,217	-	-	9,685,217	1,975,184
Bond issuance costs	(173,105)	-	-	(173,105)	-
Interest paid on bonds	(2,508,639)	(1,201)	-	(2,509,840)	(33,705)
Retirement of bonds	(1,271,160)	(60,000)	-	(1,331,160)	(282,007)
Landfill closure costs	-	(41,181)	-	(41,181)	-
Capital grants	481,853	-	-	481,853	-
Contributed capital	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(8,357,190)</u>	<u>(102,382)</u>	<u>(2,378)</u>	<u>(8,461,950)</u>	<u>(331,150)</u>

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	
Cash flow from investing activities:					
Interest on cash and investments	\$ 4,013	\$ -	\$ -	\$ 4,013	\$ -
Unrealized loss on investments	-	-	-	-	-
Net cash provided (used) by investing activities	<u>4,013</u>	<u>-</u>	<u>-</u>	<u>4,013</u>	<u>-</u>
Net increase (decrease) in cash and cash investments	(2,895,235)	570,503	314,025	(2,010,707)	410,626
Cash and cash investments, October 1	<u>21,183,423</u>	<u>1,586,555</u>	<u>410,027</u>	<u>23,180,005</u>	<u>98,925</u>
Cash and cash investments, September 30	<u><u>\$ 18,288,188</u></u>	<u><u>\$ 2,157,058</u></u>	<u><u>\$ 724,052</u></u>	<u><u>\$ 21,169,298</u></u>	<u><u>\$ 509,551</u></u>

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	
Reconciliation of income (losses) from operations to net cash provided (used) by operating activities:					
Income (loss) from operations	\$ 3,915,644	\$ 643,698	\$ (340,675)	\$ 4,218,667	\$ (186,482)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities					
Depreciation	1,490,086	50,380	235,243	1,775,709	165,500
Provision for doubtful accounts					
Change in assets and liabilities:					
(Increase) Decrease in Assets:					
Accounts receivables	(249,078)	(29,410)	14,843	(263,645)	-
Other receivables	-	-	-	-	-
Due from other funds	(274,393)	-	19,302	(255,091)	-
Inventories	-	-	21,542	21,542	-
Increase (Decrease) in Liabilities:					
Due to other funds	-	-	-	-	-
Accounts payable	(34,789)	8,217	(42,360)	(68,932)	(11,635)
Accrued salaries	10,558	-	(70)	10,488	-
Deposits	47,337	-	2,986	50,323	-
Due to other funds	5,754	-	-	5,754	-
Liability for compensated absences	(5,839)	-	9,440	3,601	-
Other liabilities	(16,034)	-	-	(16,034)	-
Net cash provided (used) by operating activities	\$ 4,889,246	\$ 672,885	\$ (79,749)	\$ 5,482,382	\$ (32,617)
Reconciliation of total cash and cash investments					
Current assets-cash and cash investments	\$ 3,002,971	\$ 2,157,058	\$ 100	\$ 5,160,129	\$ 509,551
Restricted assets-cash and cash investments	15,285,217	-	723,952	16,009,169	-
Current liabilities-Bank Overdraft	-	-	-	-	-
Total cash and cash investments	\$ 18,288,188	\$ 2,157,058	\$ 724,052	\$ 21,169,298	\$ 509,551

The notes to the financial statements are an integral part of this statement

NOTES TO FINANCIAL STATEMENTS

**CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General Statement

The City of Weslaco, Texas was incorporated September 18, 1919, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, solid waste, health and social services, culture and recreation, education, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments includes those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinion, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

2. Financial Reporting Entity

The accompanying financial statements present the reporting entity, which consists of the primary government. Financial reporting standards also require the City of Weslaco, Texas to include, if any, legally-separate entities or organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's basic financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing Board and either is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing Board, a governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the primary government.

Applying these tests to other entities and activities for possible inclusion in the reporting entity, the City has determined that the Weslaco Economic Development Corporation (EDC) meets the financial accountability tests and, therefore is included as a blended component unit. Its Board is appointed by the City Commission and the City sets expenditure caps.

The Firemen's Relief and Retirement fund is included as a pension trust fund, and reported as a fiduciary fund in the accompanying financial statements. The City is represented on the governing board and has the ability to significantly influence operations.

The City's general-purpose financial statements do not reflect the operations of the Weslaco Chamber of Commerce (WCC), Weslaco Independent School District (WISD) or Texas

**CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Municipal Retirement System (TMRS). The Weslaco Chamber of Commerce and Weslaco Independent School District are not included because they have their own elected governing boards and are independent of the City as to fiscal accountability and financial affairs. Responsibility for administration and operation of TMRS has been vested with its board of Trustees. The City has no oversight responsibility regarding TMRS. Also excluded from the reporting entity is the Housing Authority of Weslaco. The Housing Authority is governed by a board of five commissioners, administers 180 units of low-income housing and also operates 328 units of existing Section 8 Housing Voucher Choice Program.

Based on the following criteria, the City determined that the actual degree of oversight is remote, and the financial operations and status of the Housing Authority is not integral to that of the City; thus the relationship of the Housing Authority to the City is best described in a note to the financial statements as follows:

- a. Ability to Exercise Oversight Responsibility
The City of Weslaco appoints members to the Authority and has a moral responsibility for debts. The City of Weslaco has little influence in the hiring of management and clerical staff, reviewing and approving budgets, adjustments and amendments, signing contracts, exercising control over facilities and property, and determining the outcome or disposition of matters affecting the service tenants of the Housing Authority received.
- b. Scope of Service
The Housing authority provides housing for the residents of the City of Weslaco. The Housing Authority operates within the city limits.
- c. Special Financing Relationships
The City of Weslaco and the Housing Authority are two separate legal entities and the financial operations and status of each is not integral.

The four industrial development corporation's referred to in Note O are not part of the City's reporting entity because the City exercises no oversight responsibility and has no accountability for fiscal matters. The significant factors for exclusion are: the appointed board members have no continuing relationships with the City; the board designates management; the City cannot significantly influence the corporations' operations; the Board has sole budgetary authority; the corporations' control surpluses and deficits, the City is not legally or morally obligated for the corporations' debt and the corporation's are responsible for fiscal management and fee determination. In this situation, the preceding factors are conclusive in contrast to the following factors indicating inclusion. The corporation's operate within the boundaries of the City and the City approves bonds for issuance.

Government Accounting Standards Board has issued the following pronouncements, which are relevant to the City, they became effective the prior fiscal year and have been implemented:

GASB Statement No 60, *Accounting and Financial Reporting For Service Concession Arrangements*

GASB Statement No 61, *The Financial Reporting Entity: Omnibus* – an amendment of GASB Statements No. 14 and No 34.

**CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB AICPA Pronouncements.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position

Government Accounting Standards Board has issued the following pronouncement, which is relevant to the City, became effective this fiscal year and has been implemented:

GASB Statement No 65, Items Previously Reported as Assets and Liabilities

This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. For the City, this affects the presentation of debt issuance costs as an expense versus a capitalized cost. See Note V for the impact to beginning net position.

The following statements will become effective in future years. Management has not yet determined the effect of these statements, however, the impact is expected to be significant as it relates to GASB 68, as this statement will require the recognition of a previously unrecorded liability.

GASB Statement No. 68, Accounting and Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 27

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The statement is effective for fiscal years beginning after June 15, 2014.

GASB Statement No.69, Government Combinations and Disposals of Government Operations

The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term *government combinations* is used in this statement to refer to a variety of arrangement including mergers and acquisitions. Government combinations also include transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operations is transferred to a new government created to provide those services. This statement is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 70, Accounting and Financial Reporting for Non-Exchange Financial Guarantees

Some governments extend financial guarantees for the obligations of another government, a not-for-profit organization, a private entity, or individual without directly receiving equal or approximately equal value in exchange (a non-exchange transaction). As a part of this non-exchange financial guarantee, a government commits to indemnify the holder of the obligations if the entity or individual that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a non-exchange transactions. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. The provisions of the statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a non-exchange financial guarantee, the provisions of this statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a non-exchange financial guarantee may be applied prospectively.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68

The objective of this statement is to address an issue regarding application of the transition provisions of Statement No 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows or resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68.

3. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the City. The effect of inter-fund activity, within the governmental and business-type activities columns, has been removed from these statements.

**CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund –

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Fund –

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to finance specific activities.

Debt Service Fund –

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Capital Projects Fund –

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

**CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds-

Proprietary Funds are accounted for using the economic resources measurements focus on the accrual basis of accounting. The accounting objectives are determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Water and Wastewater Fund –

Water and Wastewater Fund is used to account for the provision of water and wastewater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and wastewater system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Solid Waste Fund –

Solid Waste Fund is used to account for operations of solid waste collection and disposal services. All costs are financed through charges to solid waste customers.

Airport Fund –

Airport Fund accounts for the provision of airport facilities to area residents. All activities necessary to provide such services are accounted for in this fund. The fund is financed primarily by the City of Weslaco operating grants, hangar rentals and tie-down fees.

Additionally, the City reports the Internal Service Fund which is used to account for the capital acquisitions and leasing services provided to departments of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

5. Measurement Focus/Basis of Accounting and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position.

**CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and wastewater services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurements focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

6. Budgetary Control

1. The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager subsequently submits a budget of estimated expenditures and revenues to the City Commission by August 1. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Upon receipt of the budget estimates, the Commission holds public hearing on the proposed budget. Information about the Budget Ordinance is then published in the official newspaper of the City.
3. Prior to October 1, the budgets for the General, Special Revenue, and Debt Service Funds are legally enacted through passage of an ordinance.
4. At least ten days prior to October 1, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Commission, even though the City Charter does not impose any restrictions or limit expenditures to amounts appropriated.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Debt Service Funds.

Formal budgetary integration is not employed for Capital Project Funds because effective budgetary control is alternatively achieved through the life of the respective project and not on an annual basis.

**CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with Generally Accepting Accounting Principles (GAAP).
7. Current year appropriations lapse at year-end.

Budgeted amounts are as originally adopted or as amended by the City Commission through September 30, 2014. Subsequent to year-end management and the City Commission amended the September 30, 2014 budget authorizing the reallocation of expenses and related budget transfers relative to the Interest and Sinking Fund, Water and Wastewater Fund and General Fund. All budget appropriations lapse at year-end except for the Urban County Development Grants (CDBG). Although they are appropriated annually, unspent appropriations in the Urban County Development Grants (CDBG) are appropriated under the same objects of expenditures in subsequent grant periods.

7. Cash and Cash Investments
Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers cash and equivalents to include all highly liquid investments with maturity of three months or less when purchased.

The City maintains and controls three major cash investment pools. Cash of all funds, including restricted cash is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

Negative balances incurred in pooled cash at year-end are treated as inter-fund receivables of the General Fund and inter-fund payables of the deficit fund.

Investments

In accordance with provisions of GASB Statement No.31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in current transactions between willing parties.

Interest Rate Risk

The City's investment policy limits investment maturities to no more than two years from the date of purchase.

8. Prepaid Items and Inventories

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the prepaid items have been recorded as unspendable to signify that a portion of fund balance is not available for other subsequent expenditures.

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Inventories
The inventories in the Governmental Funds and Proprietary Funds consist of supplies and are recorded at the lower of weighted average cost or market.
10. Inter-fund Receivables and Payables
Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "Internal balances".
11. Transactions Between Funds
Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Proprietary Funds an indirect cost percentage of information technology services and salaries and wages and related costs of personnel who perform administrative services for those funds but are paid through the General Fund along with other indirect costs deemed necessary for their operations. During the year ended September 30, 2014, the City allocated \$1,221,140 as a transfer for such services.

12. Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000.00 or more and over one year of useful life. Infrastructure assets, capitalized have an original cost of \$5,000.00 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Water and Wastewater System	30-50 years
Infrastructure	20-35 years
Machinery and Equipment	5 –10 years
Improvements	20 years

13. Compensated Absences
The City's policy allows employees to accumulate unused sick leave on an unlimited basis and vacation leave up to 30 days except vacation leave accrued prior to December 1990, which shall be refunded in full.

Non-Civil Service employees who were hired before October 1, 2008 and who have completed ten years of employment are entitled to be paid up to 30 days of accumulated sick leave, 60 days for those employees with 11 to 20 years and 90 days for 21 years or more and any accumulated vacation up to 30 days, upon termination. Employees who were hired after October 1, 2009 are entitled to be paid a maximum of \$1,000 for both sick and vacation upon termination.

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Civil Service employees hired are entitled to be paid any accumulated vacation, but must complete five years of employment with the City to be entitled to be paid up to 90 days of accumulated sick leave upon termination. Sick leave in excess of maximum limits is not paid upon termination, but will be paid only upon illness while in the employ of the City.

At September 30, 2014, the liability for accrued vacation leave and accrued sick leave is approximately \$ 2,213,079. The amount applicable to the Enterprise Funds of \$186,145 has been recorded in the Water, Wastewater, Solid Waste, and Airport Funds. The amount applicable to the General Fund long-term debt has been recorded in the General Fund as \$2,026,934.

14. Nature and Purpose of Reservations and Designation of Fund Equity

The fund equity reserves for revenue bonds retirement and construction. Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond future debt service" account is used to report resources set aside to make potential future deficiencies in the revenue bond current debt service account. The fund equity designation for subsequent years' expenditures primarily represents capital outlays.

Fund balance, reported in governmental funds, which has some level of constraint placed on it, is classified as non-spendable, restricted, committed, or assigned. The amount remaining, which can be spent for any lawful purpose is classified as unassigned. Amounts classified as restricted have constraints placed on the use by law, regulations of other governments, creditors, grantors or be enabling legislation.

Those classified as committed are constrained by the City Commission through an ordinance for specific purposes, but are neither restricted nor committed. Reversing a commitment would require City Commission approval through an ordinance. Non-spendable are amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

15. Net Position

Net position represents the difference between assets, deferred outflow of resources, and liabilities, deferred inflow of resources. Net position in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. Implementation of New Accounting Principles

The City elected to utilize the infrastructure transition option in the implementation of GASB Statement No. 34 (GASB 34), "Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments" and in fiscal year 2010 capitalized its major infrastructure networks; street, drainage and parks. It is using in the absence of actual cost information, weighted average age calculation for estimating the historical cost of these infrastructure networks.

17. Reclassification

Certain items in the prior year have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported net income. As a result of implementing the infrastructure transition provision of GASB 34, net assets at October 1, 2013 is reconciled as follows:

	Governmental Activities
Net Assets, October 1, 2013	
as previously reported	\$ 20,616,533
Internal Service Fund Balance	553,544
Deferred Revenue	1,328,065
General Fixed Assets, net	77,706,661
Estimated depreciation at October 1, 2013	(29,953,655)
Prior Period Reclassification	74,937
Accrued Interest	(144,466)
Long-term Debt	(41,516,109)
Restatement of Net Position (GASB 65)	(216,691)
Net Assets, October 1, 2013	<u>\$ 28,448,819</u>

NOTE B. BUDGET BASIS OF ACCOUNTING

The City of Weslaco, Texas prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statements of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-General Fund to provide a meaningful comparison of actual results with the budget.

The major differences between budget and GAAP basis in the General Fund are that total property taxes collected are recognized as revenues (budget) as opposed to recognizing the current year levy as revenues (GAAP).

Adjustments necessary to convert the General Fund's excess of revenues and other sources over expenditure and other uses on the budget basis to a GAAP basis are provided below:

Excess of revenues and other uses over	
expenditures and other sources-budget basis	\$ 1,581,449
Accrued interest	(115,041)
Net of fixed assets	565,216
Current year levy in excess of collection	(399,766)
Net of allowance for uncollectible	8,766
Excess of revenues and other sources over	
expenditures and other uses- GAAP Basis	<u>\$ 1,640,624</u>

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE C. DEPOSITS AND INVESTMENTS

Deposits and Credit Risks

Custodial Credit Risk

Custodial credit risk refers to the risk that in the event of a bank failure, the City's deposits may not be returned to them.

It is the City's policy, as well as a requirement in its Depository agreement, for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2014. At year-end, the respective bank balance totaled \$23,127,244. Of the total bank balance, \$500,000 was covered by Federal Depository Insurance Corporation (FDIC). The remainder was covered by collateral with a value of \$23,127,244. The collateral was held at third party banks (safekeeping banks) in the City's name under a joint safekeeping agreement between various banks and the City as detailed below.

Bank	Bank	Amount
The Independent Banker's Bank San Antonio, Texas	First National Bank Weslaco, Texas	\$ 5,945
FHLB Atlanta	BBVA Compss Bank	23,121,299
	Total	<u>\$ 23,127,244</u>

Investments –

State statutes, city bond ordinances, city resolutions, and an investment policy adopted by the City Commission authorize the City's investments. The City is authorized to invest in obligations of the United States of America, its agencies and instrumentalities, direct obligations of the State of Texas and agencies thereof, obligations of the states (agencies thereof, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating equivalent), certificates of deposit of state and national banks domiciled in Texas, fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by law, and commercial paper with a 270 day limit and an A1P1 rating by two rating agencies.

All securities held at September 30, 2014, were insured or registered, or were held by the City or its agent in the City's name (Category 1).

Fair Values of Financial Instruments –

The following methods of assumptions were used by the City in estimating its fair value disclosures for financial instruments:

- 1 Cash, cash equivalents, short-term investments, and promises to give are due in less than one year. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE C. DEPOSITS AND INVESTMENTS (CONTINUED)

The City's investments carried at fair value at September 30, 2014 are:

	<u>Fair Value</u>
Investments:	
Texpool	\$ 13,190,772
Texpool - Friends of the Library	10,262
Government Agencies	-
Total Investments	<u>\$ 13,201,034</u>

The City's portfolios are actively monitored and managed, and while the City's liquidity is managed such that these securities can be held to maturity, changes in market conditions may make it advantageous to sell them in advance of maturities.

Firemen's Relief and Retirement Fund Investments

The Firemen's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2014. All investments held by the Firemen's Relief and Retirement Fund at September 30, 2014 were uninsured and unregistered securities which are held by the counterparty, its trust department, or agent, but not in the Funds name (Category 3).

Investments

The composition and the corresponding fair market value, cost basis, and unrealized appreciation (depreciation) as of September 30, 2014 are as follows:

	<u>Fair Market Value</u>	<u>Cost Basis</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and cash equivalents	\$ 701,414	\$ 701,414	\$ -
Corporate bonds	397,771	409,888	(12,117)
U.S. Government Agency Obligations	572,039	574,295	(2,256)
Other fixed income securities	647,251	633,535	13,716
Corporate stocks	5,785,559	5,506,484	279,075
Total	<u>\$ 8,104,034</u>	<u>\$ 7,825,616</u>	<u>\$ 278,418</u>

Investment income/return for the year ended September 30, 2014 is summarized below:

	<u>2014</u>	<u>2013</u>
Interest	\$ 36,679	\$ 57,208
Dividends	113,470	201,847
Net realized and unrealized gains (losses)	630,245	228,407
Total	<u>\$ 780,394</u>	<u>487,462</u>

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE C. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments, within the fair value hierarchy, as of September 30, 2014 and 2013 are as follows:

	2014 Level 1	2013 Level 1
Corporate bonds	\$ 397,771	\$ 1,514,075
U.S. Government Agency Obligations	572,039	611,952
Other fixed income securities	647,251	71,526
Corporate stocks	5,785,559	4,683,530
Total	<u>\$ 7,402,620</u>	<u>\$ 6,881,083</u>

Concentration of Credit Risk

The City of Weslaco, Texas Firemen's Retirement Fund maintain its cash balance in two financial institutions located in Texas. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Additionally, the City has significant investments in marketable securities held by an investment manager engaged by the Board of Directors and is subject to concentration of credit risk. Investments are made by the investment manager and monitored by the Board of Directors. Although the market values of the securities are subject to fluctuations on a year-to-year basis, management believes that the investment policy is prudent for the City's long-term welfare.

The plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amount reported in the statement of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent to the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE D. DUE FROM OTHER GOVERNMENTS

Due from other governments for the General Fund consists of the following:

County of Hidalgo	Rural Fire	\$ 44,500
County of Hidalgo	County Tax Office	22,440
Department of Justice	Border Star	50,976
	E. Byrne Grant (Non-Recovery)	17,135
	Federal Bureau of Investigation	5,917
Department of Homeland Security	FEMA	16,531
Texas Alcohol and Beverage		
Commission		23,186
Texas - Bingo		1,109
Total Due from Other Governments		<u>\$ 181,794</u>

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE E. NOTES RECEIVABLES

Economic Development Corporation Grant Fund

As an inducement for businesses to expand their operations to the City's Industrial Park, the Economic Development Corporation (EDC), accepted notes from various businesses. These notes are for cash loans, and sale of industrial park lots. The loans carry various credit incentives up to the amounts of the loans and sometimes beyond the initial loans. The credits vary by individual entities. The credits involve construction of buildings, leasing of existing properties at the industrial park, employing local residents and the purchase of good and services from merchants in the local area. All notes receivable carry incentives to the extent of the note receivable balance.

The following is a summary of notes receivable payable to the Corporation at September 30, 2014.

	2013	Additions	Deletions	2014
AC/DC Signs	\$ 42,449	\$ -	\$ 17,924	\$ 24,525
RGV Word	99,895	-	99,895	- *
Weslaco Professional Plaza	300,000	-	-	300,000 *
Jose's Cafecito	5,931	-	5,931	- *
Dos Logistics	95,000	-	-	95,000 *
Sevilla Café	3,838	-	3,838	- *
Angel F.Ceballos	20,000	-	20,000	- (1)
Mid Valley Trailer	116,750	-	-	116,750 *
LRGVDC	1,614,739	-	56,600	1,558,139 *
Downtown Properties	121,717	-	9,729	111,988
Total	<u>\$ 2,420,319</u>	<u>\$ -</u>	<u>\$ 213,917</u>	<u>\$ 2,206,402</u>

(1) On March 19, 2014, the Board voted to write-off outstanding loan to Sevilla Café.

Long-Term Note Receivable
(SDI Weslaco Holdings, LLC)

\$ 1,593,159*

Note receivable from SDI Weslaco Holdings, LLC (SDI) of \$914,408 at September 30, 2009, subsequently increased to \$2,213,255 at 8% interest rate after September 30, 2010. This note is secured by a Chapter 380 Economic Development Agreement between the City of Weslaco, Texas and SDI. SDI has assigned the annual payments due from the City to the Economic Development Corporation, (EDC) of Weslaco, Texas until the note is paid in full. The note is payable in annual payments, until March 1, 2030. The 380 Agreement was to facilitate the construction of infrastructure improvements for a commercial development. The EDC spurred the development by advancing \$2,213,255 of the \$3,300,000 project. In the current year, the City of Weslaco paid \$263,631 under the 380 Agreement.

The economic incentive portion of the note receivable balances have been recognized as expenditures in current year operations, as well as the long-term note receivable advance. As the entities earn their incentives, the note balances will be reduced accordingly, with an equal offset to deferred revenues.

This is to control compliance with the agreements. The long-term note receivable principal payments will be recognized as revenues, with an equal off-set to deferred revenues.

The rest of the note balances are to be collected in cash.

Note balances with deferred component* \$ 3,663,048

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE F. CAPITAL ASSETS

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 3,945,414	\$ -	\$ -	\$ 3,945,414
Construction-in-Progress	-	761,652	-	761,652
Total assets, not being depreciated	3,945,414	761,652	-	4,707,066
Capital assets being depreciated				
Buildings	19,151,359	401,745	-	19,553,104
Equipment	9,985,093	3,144,987	-	13,130,080
Improvements	36,995,488	72,659	-	37,068,147
380 Agreements Infrastructure	7,629,307	-	-	7,629,307
Total capital assets being depreciated	73,761,247	3,619,391	-	77,380,638
Less accumulated depreciation for:				
Buildings	5,729,136	508,991	-	6,238,127
Equipment	5,511,444	558,850	-	6,070,294
Improvements	18,713,075	1,348,513	-	20,061,588
Total accumulated depreciation	29,953,655	2,416,354	-	32,370,009
Total capital assets being depreciated, net	43,807,592	1,203,037	-	45,010,629
Governmental activities, capital assets, net	\$ 47,753,006	\$ 1,964,689	\$ -	\$ 49,717,695

Depreciation expenses was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government and administration	\$ 209,122
Public Safety	349,942
Public Works	1,498,088
Development services	66,271
Cultural and recreational	292,931
Total depreciation expense-	
Government activities	\$ 2,416,354

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE F. CAPITAL ASSETS (CONTINUED)

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 2,551,870	\$ -	\$ -	\$ 2,551,870
Construction-in-progress	46,594,901	16,821,881	24,930,729	38,486,053
Total capital assets not being depreciated	49,146,771	16,821,881	24,930,729	41,037,923
Capital assets being depreciated				
Building	1,010,863	-	-	1,010,863
Equipment	7,615,826	711,272	-	8,327,098
Improvements	44,700,500	25,095,941	-	69,796,441
Total capital assets being depreciated	53,327,189	25,807,213	-	79,134,402
Less accumulated depreciation for:				
Building	570,146	22,732	-	592,878
Equipment	6,693,258	231,935	-	6,925,193
Improvements	24,798,154	1,521,042	-	26,319,196
Total accumulated depreciation	32,061,558	1,775,709	-	33,837,267
Total capital assets being depreciated, net	21,265,631	24,031,504	-	45,297,135
Business-type activities capital assets, net	\$ 70,412,402	\$ 40,853,385	\$ 24,930,729	\$ 86,335,058

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Business-type activities:	
Water and Wastewater	\$ 1,490,086
Solid Waste	50,380
Airport	235,243
Total depreciation expense-	
Business-type activities	\$ 1,775,709

The City has active construction projects as of September 30, 2014. Total accumulated commitments for ongoing capital projects are as follows:

	Governmental Funds	Enterprise Funds
Streets and Drainage Projects	\$ 6,000,000	\$ -
General Facilities	197,384	-
New Sewer Plant	-	12,358,232
	\$ 6,197,384	\$ 12,358,232

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE G. LONG-TERM DEBT

The following is a summary of bonded and other debt transactions of the City for the year beginning October 1, 2013 and ending September 30, 2014.

Proprietary Fund Long-Term Debt as of September 30, 2014 is as follows:

	<u>2014</u>	<u>2013</u>
<u>Water and Wastewater Fund</u>		
\$2,829,600 General Obligation Refunding Bonds, Series 2012, dated September 1, 2002, due in annual installment varying from from \$117,000 to \$369,000 through February 15, 2014, bearing interest rates of 3.00% to 3.875%.	\$ -	\$ 117,000
\$21,710,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007, dated August 15, 2008, due in annual installments varying from \$40,000 to \$2,270,000 through February 15, 2027, bearing interest rates of 4.00% to 5.00%.	19,990,000	20,395,000
\$1,075,082 General Obligation Refinancing Bonds, Series 2010, (Target Savings) due in annual installments varying from \$97,092 to \$138,852 through February 19, 2019 bearing interest at 3.1%.	651,456	753,768
\$2,845,000 Waterworks and Sewer Systems Revenue Refunding Bond, Series 2010, due in annual installments varying from \$375,000 to \$440,000 through December 1, 2018, bearing interest at 3.19%.	1,700,000	2,090,000
\$24,335,000 Tax and Revenue Certificate of Obligation, Series 2012, dated January 15, 2012, due in annual installments varying from \$1,345,000 to \$2,305,000 through February 15, 2032, bearing interest rates of 4.00% to 5.00%	24,335,000	24,335,000
\$8,500,000 Tax Notes, Series 2011, dated December 28, 2011, due in annual installments from \$460,000 to \$2,000,000 through February 15, 2018, bearing interest rate of 2.75%.	7,735,000	8,040,000
\$9,075,000 Tax and Revenue Certificate of Obligation, Series 2014, dated March 1, 2014, due in annual installments varying from \$75,000 through \$1,355,000 through February 15, 2034.	9,075,000	-
Total Water and Wastewater Fund	<u>63,486,456</u>	<u>55,730,768</u>
<u>Solid Waste Fund</u>		
\$360,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Bonds, Series 2007, dated August 15, 2008, due in annual installments varying from \$45,000 to \$60,000 through February 15, 2014, bearing interest rates of 4.00%.	-	60,000
Total Proprietary Fund Long-Term Debt	<u>\$ 63,486,456</u>	<u>\$ 55,790,768</u>

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE G. LONG-TERM DEBT (CONTINUED)

Governmental Fund Long-Term Debt as of September 30, 2014 is as follows:

	<u>2014</u>	<u>2013</u>
<u>Governmental Long-Term Debt</u>		
<u>Governmental Bonds</u>		
\$5,030,400 General Obligation Refunding Bonds, Series 2002, dated September 1, 2002, due in annual installments varying from \$208,000 to \$656,000 through February 14, 2014. Interest varies from 3.00% to 3.875%.	\$ -	\$ 208,000
\$6,105,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Bonds, Series 2007, dated August 15, 2008, due in annual installments varying from \$5,000 to \$530,000 through February 15, 2027, bearing interest rates of 4.00% to 5.00%.	5,195,000	5,480,000
\$4,064,918 General Obligation Refinancing Bond, Series 2010 (Target Savings), due in annual installments of \$367,908 to \$526,148, through February 2019, bearing interest rates of 3.1%.	2,469,102	2,856,790
\$11,915,000 Limited Tax Refunding Bonds, Series 2012, dated August 15, 2013, due in annual installments varying from \$980,000 to \$1,470,000 through February 15, 2023, bearing interest rates of 2.00% to 3.00%.	10,595,000	11,575,000
\$6,750,000 Tax and Revenue Certificates of Obligation, Series 2013, dated September 19, 2013, due in installments varying from \$90,000 to \$570,000 through August 15, 2033, bearing interest rates of 2.00% to 5.00%.	<u>6,635,000</u>	<u>6,750,000</u>
Total Governmental Long-Term Debt	<u>24,894,102</u>	<u>26,869,790</u>
<u>Note Payable</u>		
\$1,975,184 Municipal lease agreements, dated December 12, 2013. The terms of the note include monthly payments of \$34,880 beginning January 14, 2014, continuing until December 14, 2019. The note was used to purchase machinery and equipment.	<u>1,693,177</u>	<u>-</u>
Total Governmental Long-Term Debt	<u><u>\$ 26,587,279</u></u>	<u><u>\$ 26,869,790</u></u>

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE G. LONG-TERM DEBT (CONTINUED)

Economic Development Fund Long-Term Debt as of September 30, 2014 is as follows:

	<u>2014</u>	<u>2013</u>
<u>Economic Development Revenue Bonds</u>		
\$1,155,000 Economic Development Sales Tax Revenue Bonds, Series 2012, due in annual installments not exceeding \$130,000 beginning February 15, 2013 through August 15, 2023, interest rate of 2.60%	\$ 1,055,000	\$ 1,155,000
\$1,090,000 Economic Development Sales Tax Revenue Bonds, Series 2011A, due in annual installments varying from \$260,000 to \$280,000 beginning February 15, 2014 through February 15, 2019, interest at 4.47%.	830,000	1,090,000
\$1,290,000 Economic Development Sales Tax Revenue Bonds, Series 2011B, due in annual installments varying from \$150,000 to \$335,000 beginning February 15, 2017 through 2021, interest rate of 3.84%.	1,290,000	1,290,000
\$2,870,000 Economic Development Sales Tax Revenue Refunding Bond Series 2012, due in annual installments not exceeding \$305,000 beginning February 15, 2013 through February 15, 2023, with interest of 3.40%.	<u>2,395,000</u>	<u>2,620,000</u>
Total Revenue Bonds	<u>5,570,000</u>	<u>6,155,000</u>
A note dated May 6, 2009 and payable to BBVA Compass Bank for \$1,300,000. The terms of the note include principal and interest payments ranging from \$12,000 to \$18,000 beginning June 6, 2009, continuing regularly thereafter until May 6, 2016 2016, when the entire balance, including principal and interest will be due and payable. The interest rate is a fixed 6.25%. The note is secured by 2.900 acres owned by the Corporation. The note was used to meet its obligations under its existing SDI Weslaco Holdings, LLC. Construction Loan Agreement and Amended Development Agreement.	<u>495,444</u>	<u>796,697</u>
Total Note Payable	<u>495,444</u>	<u>796,697</u>
Total Economic Development Revenue Bonds and Notes Payable	<u><u>\$ 6,065,444</u></u>	<u><u>\$ 6,951,697</u></u>

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE G. LONG-TERM DEBT (CONTINUED)

Transactions for the year ended September 30, 2014 are summarized as follows:

	Balance October 1	Issues or Additions	Payments or Expenditures	Balance September 30	Due Within One Year
<u>Governmental Type Activities</u>					
General Obligation Bonds	\$ 3,064,790	\$ -	\$ 595,688	\$ 2,469,102	\$ 462,852
Certificates of Obligation	23,805,000	-	1,380,000	22,425,000	1,315,000
Note payable	-	1,975,184	282,007	1,693,177	383,649
Bond Premium	610,724	-	46,957	563,767	46,957
Prepaid Insurance Costs	(139,701)	-	(10,485)	(129,216)	(10,485)
380 Agreement Infrastructure	5,452,691	-	738,139	4,714,552	702,922
Compensated Absences	2,138,226	-	111,292	2,026,934	202,693
Subtotal	34,931,730	1,975,184	3,143,598	33,763,316	3,103,588
<u>Economic Development Sales Tax</u>					
Revenue Bonds	6,155,000	-	585,000	5,570,000	605,000
Notes Payable	646,070	-	150,626	495,444	150,627
Subtotal	6,801,070	-	735,626	6,065,444	755,627
Total Governmental Activities	\$ 41,732,800	\$ 1,975,184	\$ 3,879,224	\$ 39,828,760	\$ 3,859,215
<u>Business-Type Activities</u>					
General Obligation Bonds	\$ 870,768	\$ -	\$ 219,024	\$ 651,744	\$ 122,148
Revenue Bonds Payable	26,425,000	9,075,000	390,000	35,110,000	410,000
Certificate of Obligation	20,455,000	-	465,000	19,990,000	760,000
Bond discount	(18,181)	-	(1,415)	(16,766)	(1,290)
Prepaid insurance	(410,912)	(28,873)	(24,371)	(415,414)	(25,131)
Bond Premium	1,258,588	626,709	84,832	1,800,465	101,324
Notes Payable	8,040,000	-	305,000	7,735,000	1,190,000
Compensated Absences	187,619	-	1,474	186,145	18,615
Landfil Closure	662,993	-	41,181	621,812	62,181
Total Business-Type Activities	57,470,875	9,672,836	1,480,725	65,662,986	2,637,847
Total Government	\$ 99,203,675	\$ 11,648,020	\$ 5,359,949	\$ 105,491,746	\$ 6,497,062

General Obligation Bonds and Certificates of Obligation -

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time that taxes are levied, the rate of tax required to provide (in each year that bonds are outstanding) the funds to pay for interest and principal at maturity. The City is in compliance with this requirement.

No General Obligation Bonds or Certificates of Obligation were issued for the fiscal year ended September 30, 2014.

**CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE G. LONG-TERM DEBT (CONTINUED)

Revenue Bonds –

Water and Wastewater Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the Water and Sewer system.

The Revenue Bonds are collateralized by the revenue of the water and wastewater system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenue may then be used for any lawful purpose.

The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special fund noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2014.

Sales Tax Revenue Bonds are direct obligations issued on a pledge of the City's sales tax revenues allocated to the Economic Development Corporation, in accordance with state statutes.

No Revenue Bonds were issued for the fiscal year ended September 30, 2014.

Tax Notes -

On March 1, 2014, the City issued the Tax and Revenue Certificate of Obligation Note, Series 2014 for \$9,075,000. The proceeds of the certificate will be used for financing, the design construction, equipping, renovation, and/or rehabilitation of the City's Waterworks and Wastewater Systems.

Defeased Bonds Outstanding –

In prior years, the City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements.

Revenue Bonds Refunding –

No refunding bonds were issued for the fiscal year ended September 30, 2014.

Bond Authorized and Unissued -

At September 30, 2014, the City had no General Obligations Bonds and Revenue Bonds which were authorized and unissued.

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE G. LONG-TERM DEBT (CONTINUED)

The following table summarizes the restricted cash and cash investments:

Reserve for Bond Debt Service	\$ 827,271
Reserve for Revenue Bond Retirement	469,687
Total Reserve for Revenue Bond Retirement	<u>1,296,958</u>
Revenue Bond Construction	12,887,252
Capital Improvement Fee	<u>1,101,007</u>
Total Restricted Cash and Cash Investments as of September 30, 2014	<u><u>\$ 15,285,217</u></u>

The annual aggregate maturities for each bond type for the year subsequent to September 30, 2014, are as follows:

General Obligation Bonds					
Year Ending September 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total
	Principal	Interest	Principal	Interest	
2015	\$ 462,852	\$ 69,350	\$ 122,148	\$ 18,303	\$ 672,653
2016	474,720	54,818	125,280	14,467	669,285
2017	494,500	39,795	130,500	10,503	675,298
2018	510,324	24,220	134,676	6,392	675,612
2019	526,706	8,155	138,852	2,152	675,865
Total	<u>\$ 2,469,102</u>	<u>\$ 196,338</u>	<u>\$ 651,456</u>	<u>\$ 51,817</u>	<u>\$ 3,368,713</u>

Certificate of Obligations					
Year Ending September 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total
	Principal	Interest	Principal	Interest	
2015	\$ 1,315,000	\$ 808,489	\$ 760,000	\$ 959,773	\$ 3,843,262
2016	1,370,000	765,861	795,000	927,702	3,858,563
2017	1,405,000	720,492	830,000	893,668	3,849,160
2018	1,450,000	671,842	870,000	853,193	3,845,035
2019	1,500,000	619,773	1,390,000	793,868	4,303,641
2020-2024	9,575,000	2,170,241	8,860,000	2,761,761	23,367,002
2025-2029	3,680,000	949,075	6,485,000	497,125	11,611,200
2030-2033	2,130,000	272,500	-	-	2,402,500
Total	<u>\$ 22,425,000</u>	<u>\$ 6,978,273</u>	<u>\$ 19,990,000</u>	<u>\$ 7,687,090</u>	<u>\$ 57,080,363</u>

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE G. LONG-TERM DEBT (CONTINUED)

Business-Type Activities					
Year Ending September 30	Revenue Bonds		Tax Note		Total
	Principal	Interest	Principal	Interest	
2015	\$ 410,000	\$ 1,658,183	\$ 1,190,000	\$ 212,712	\$ 3,470,895
2016	420,000	1,493,933	1,735,000	179,987	3,828,920
2017	430,000	1,480,377	2,190,000	132,276	4,232,653
2018	440,000	1,466,500	2,620,000	72,050	4,598,550
2019	1,420,000	1,459,482	-	-	2,879,482
2020-2024	7,745,000	6,641,135	-	-	14,386,135
2025-2029	11,435,000	4,833,860	-	-	16,268,860
2030-2033	12,810,000	1,507,121	-	-	14,317,121
Total	<u>\$ 35,110,000</u>	<u>\$ 20,540,591</u>	<u>\$ 7,735,000</u>	<u>\$ 597,025</u>	<u>\$ 63,982,616</u>

Economic Development Corporation of Weslaco					
Year Ending September 30	Revenue Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2015	\$ 605,000	\$ 184,187	\$ 150,627	\$ 26,650	\$ 966,464
2016	630,000	161,110	344,817	12,537	1,148,464
2017	655,000	137,116	-	-	792,116
2018	675,000	113,204	-	-	788,204
2019	690,000	89,566	-	-	779,566
2019-2023	2,315,000	132,251	-	-	2,447,251
Total	<u>\$ 5,570,000</u>	<u>\$ 817,434</u>	<u>\$ 495,444</u>	<u>\$ 39,187</u>	<u>\$ 6,922,065</u>

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE H. SEGMENT INFORMATION FOR ENTERPRISE FUND

Generally accepted accounting principles require disclosure, as part of the Combined Statements-Overview, of certain information concerning individual funds including segment information for the Enterprise Funds.

The City maintains four Enterprise Funds which provide, water, wastewater, solid waste, and airport services to the City of Weslaco. Selected segment information for the year ended September 30, 2014 is as follows:

	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total Enterprise Fund
Operating Revenues	\$ 11,017,637	\$ 4,860,177	\$ 207,034	\$ 16,084,848
Operating Expenses	5,611,907	4,166,099	307,391	10,085,397
Depreciation	1,490,086	50,380	235,243	1,775,709
Operating Income	3,915,644	643,698	(335,600)	4,223,742
Net Non-Operating Revenues and Expenses	(1,547,760)	(2,599)	-	(1,550,359)
Contributions	-	-	-	-
Transfers	-	-	200,000	200,000
Changes in Net Position	2,367,884	641,099	(135,600)	2,873,383
Beginning Net Position	28,915,340	1,813,404	5,273,641	36,002,385
Ending Net Position	<u>\$ 31,283,224</u>	<u>\$ 2,454,503</u>	<u>\$ 5,138,041</u>	<u>\$ 38,875,768</u>
Condensed Cash Flow				
Net Cash Provided (Used) by:				
Operating Activities	\$ 4,889,246	\$ 672,885	\$ (79,749)	\$ 5,482,382
Non-Capital Financing Activities	568,896	-	396,152	965,048
Capital and Related Financing Activities	(8,357,190)	(102,382)	(2,378)	(8,461,950)
Investing Activities	4,013	-	-	4,013
Beginning Cash	21,183,423	1,586,555	410,027	23,180,005
Ending Cash	<u>\$ 18,288,388</u>	<u>\$ 2,157,058</u>	<u>\$ 724,052</u>	<u>\$ 21,169,498</u>

**CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE I. PROPERTY TAX

The State of Texas Constitution limits the City's ad valorem tax rate for all purposes to \$2.50 per one hundred dollars of assessed valuation. Ad valorem tax revenue during the year ended September 30, 2013 was levied using a rate of \$.6867 per one hundred dollars of assessed valuation based on 100 percent of estimated market value.

Legislation has been passed by the Texas Legislature which affects the methods of property appraisal in the City. This legislation, with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles (unless specifically authorized by resolution of the governing body) from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county appraisal districts and for a state property board.

The appraisal of property within the city is the responsibility of the Hidalgo County Tax Appraisal District.

The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100 percent of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The city may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on city property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate of the previous year by more than 8 percent, qualified voters of the city may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the effective tax rate.

The city bills and collects its own property taxes through a contractual agreement with the County of Hidalgo. Collections of the city taxes and remittance of them are accounted for in the County of Hidalgo Tax Collection Agency Fund. City property tax revenues are recognized when levied to the extent that they result in current receivables. January 1 is the assessment date. March 31 is the end of the rendition period for the Appraisal District.

By September 30, the City adopts the tax rate. On October 1 taxes are levied and payable by January 31. Property taxes attach as an enforceable lien on property as of January 1. Uncollected taxes are placed in the hands of the attorney for legal action on February 1, following year of assessment.

Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Appraisal Board of Review at 100% for estimated fair market value.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax liens are automatic on January 1 each year. The tax lien is part of a lawsuit for property that can be filed any time after taxes become delinquent (February 1). The City usually waits until after July 1 to file suits on real estate property. As of July 1, 15% collection costs may be added to all delinquent accounts. Current tax collections for the year ended September 30, 2014, were 94.33% of the tax levy.

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE I. PROPERTY TAX (CONTINUED)

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

The City charter of the City of Weslaco, Texas, does not provide for a debt limit, therefore, no computation can be made. However, at September 30, 2014, the City had a tax margin of \$1.8133 for every \$100 valuation based upon a maximum ad valorem tax of \$2.50 for every \$100 valuation imposed by Texas Constitutional law.

NOTE J. INTERFUND RECEIVABLES AND PAYABLES

Inter-fund balances at September 30, 2014 consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
<u>General Fund</u>		
Special Revenue - EDC	\$ -	\$ -
Debt Service Fund	-	530,963
Water and Wastewater Funds	5,754	-
Airport Fund	196,052	-
Total General Fund	<u>201,806</u>	<u>530,963</u>
<u>Internal Service Fund</u>		
Water and Wastewater Funds	-	404,437
Total Internal Service Fund	<u>-</u>	<u>404,437</u>
<u>Debt Service Fund</u>		
General Fund	530,963	-
Total Debt Service Fund	<u>530,963</u>	<u>-</u>
<u>Enterprise Funds</u>		
Water and Wastewater Funds	-	-
General Fund	-	5,754
Internal Service Fund	404,437	-
Airport Fund	-	-
General Fund	-	196,052
Total Enterprise Funds	<u>404,437</u>	<u>201,806</u>
Total All Funds	<u>\$ 1,137,206</u>	<u>\$ 1,137,206</u>

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE K. OPERATING TRANSFERS

Operating transfers at September 30, 2014 consisted of the following individual funds:

	<u>In</u>	<u>Out</u>
<u>General Fund</u>		
Internal Service Fund	\$ -	\$ 500,000
Airport Fund	-	200,000
Total General Fund	<u>-</u>	<u>700,000</u>
<u>Internal Service Fund</u>		
General Fund	<u>500,000</u>	<u>-</u>
Total Internal Service Fund	<u>500,000</u>	<u>-</u>
<u>Enterprise Funds</u>		
Airport Fund		
General Fund	<u>200,000</u>	<u>-</u>
Total Enterprise Funds	<u>200,000</u>	<u>-</u>
Total All Funds	<u>\$ 700,000</u>	<u>\$ 700,000</u>

NOTE L. PENSION PLAN

Employee Pension Plans (Other Than Firemen)
Plan Description

The City provides pension benefits for all of its full-time employees, except the fire department employees, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 849 administered by TMRS, an agent multiple-employer public employee retirement system. It is the opinion of the TMRS management that the plans in TMRS are substantially defined contribution plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the plan.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and monetary credits for service since the plan began, would be the total monetary credits and employees contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

**CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE L. PENSION PLAN (CONTINUED)

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 5 years, but he must leave his accumulated contributions in the plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

At September 30, 2014, the contribution rate for the employees was 7%, and the City matching percent was 6.58%, both as adopted by the governing body of the City. Under the state law governing TMRS, the City contribution rate is annually determined by the actuary. The unit credit actuarial cost method is used for determining the contribution rate for each city. This rate consists of the normal cost contribution rate, both of which are calculated to be a level percent of payroll from year to year.

The normal cost contribution rate finances the currently accruing monetary credits due to the city matching percent, which are the obligation of the City matching percent, which are the obligation of the City as of the employee's retirement date, not at the time the employee's contributions are made.

The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his retirement becomes effective.

The prior service contribution rate amortizes the unfunded (or over-funded) actuarial liability (asset) over the remainder of each plan's 25-year amortization period. Currently, the unfunded actuarial liability is being amortized over a 25-year open period. The employer contribution rate cannot exceed a statutory maximum rate that is a function of the employee contribution rate and the City matching percent. The maximum employer contribution rate is 14%. These maximum rates come into play only occasionally. Contributions are made monthly by both the employees and City. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis of the rate and the calendar year when the rate goes into effect.

The City's total payroll in fiscal year 2014 was \$11,991,512 and the City's contributions were based on payroll of \$7,930,672. Both the City and the covered employees made the required contributions, amounting to \$480,151 (4.96% for calendar year 2013 and 6.58% for calendar year 2014) for the City, and \$555,149 (7%) for the employees. There were no related-party transactions. All contributions were made by their respective due dates.

Funding Status and Programs

Even though the substance of the City's plan is not to provide a defined benefit in some form, some additional voluntary disclosure is appropriate due to the nontraditional nature of the defined contribution plan which had an initial unfunded pension benefit obligation due to the monetary credits granted by the City for services rendered before the plan began and which can have additions to the unfunded pension benefit credits and benefits. Statement No. 27 of the Governmental Accounting Standards Board (GASB 5) defines Actuarial Accrued Liability (AAL) as a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE L. PENSION PLAN (CONTINUED)

employee service to date. The measure is intended to help users assess the funding progress over time, of public employee pension plans, in accumulating sufficient assets to pay benefits when due rather than placing under emphasis on current point-in-time measures.

The Actuarial Accrued Liability shown below is similar in nature to the standardized disclosure measure required by GASB # 27 for defined benefit plans except that there is no need to project salary increases since the benefit credits earned for service to date are not dependent upon future salaries. The calculations were made as part of the annual actuarial valuation as of December 31, 2012. Because of the money-purchase nature of the plan, the interest rate assumption, currently 7.0% per year does not have as much impact on the results as it does for a defined benefit plan. Market value of investments is not determined for each City's plan. All investments for TMRS are at fair value at December 31, 2012. This is in accordance with the elected implementation of Governmental Accounting Standards Board Statement No. 25. The Texas Legislation, thru House Bill 1113 authorized the "Partial Lump Sum Distributions and the "POP-UP" factor. These provisions became effective September 1, 1997. This increases qualified employment under the Restricted Prior Service Credit.

The City of Weslaco is one of 849 municipalities having the benefit plan administered by TMRS. Each of the 849 Municipalities have an annual, individual actuarial valuation performed. All assumptions for the 12/31/12 valuations are contained in the 2012 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153, or on the TMRS website.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/13	12/31/12	12/31/11
Actuarial Value of Assets	\$ 30,891,253	\$ 29,417,936	\$ 28,450,881
Actuarial Accrued Liability	32,958,191	29,326,031	27,926,939
Percentage Funded	93.70%	100.30%	101.90%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	(2,066,938)	(659,443)	(523,942)
Annual Covered Payroll (Calendar year)	8,003,816	7,535,064	7,569,083
UAAL as a Percentage of Covered Payroll	25.80%	-1.22%	-6.92%
Net Pension Obligation (NPO) at the Beginning of Period	480,151	-	-
Annual Pension Cost:			
Annual Required Contribution (ARC)	-	-	-
Interest on NPO	480,151	-	-
Adjustments to the ARC	-	-	-
Contributions Made	480,151	-	-
Increase in NPO	-	-	-
NPO at the end of the period	\$ -	\$ -	\$ -

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE L. PENSION PLAN (CONTINUED)

The book value of assets is amortized cost for bonds and original cost for short-term securities and stocks. The actuarial assumptions used to compute the actuarially determined City contribution rate are the same as those used to compute the actuarial accrued liability.

The numbers above reflect changes in actuarial assumptions since the previous actuarial valuation, which had the effect of increasing the City's contribution rate by 1.05% for 201. Because of the one-year lag between the actuarial valuation date and the calendar year when the newly calculated rate goes into effect, the new actuarial assumptions will first affect the adoption of changes in the plan since the previous actuarial valuation, which had the effect of increasing the unfunded actuarial accrued liability by \$1,407,495. The 2015 rate will be 6.40%.

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to retirees employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Fireman's Pension Plan

The Weslaco's Firemen's Relief and Retirement Fund administer a retirement plan for the employees of the fire department. All employees who are members of the fund on the valuation date are included in the valuation.

12/31/2010	(After Plan Change) 12/31/09	(Prior to Plan Change) 12/31/09	12/31/08	12/31/07
\$ 28,318,513	\$ 19,199,534	\$ 15,705,424	\$ 17,001,070	\$15,705,424
27,479,052	21,559,545	30,697,078	27,821,973	25,524,437
103.10%	89.05%	62.55%	61.10%	61.50%
(839,461)	2,360,011	11,497,544	10,820,903	9,819,013
9,802,203	10,083,824	10,083,824	9,899,222	9,099,212
-8.56%	23.40%	114.02%	109.30%	107.90%
-	831,915	1,472,331	1,196,828	984,969
-	831,915	1,472,331	1,196,828	984,969
\$ -	\$ -	\$ -	\$ -	\$ -

The date of the most recent valuation was as of September 30, 2012. It was completed on August 18, 2014. The valuation was based on the plan benefits in effect on the valuation date. Valuations are required on this fund every three years.

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE L. PENSION PLAN (CONTINUED)

The actuarial cost method used was the Entry Age Actuarial Cost Method. The unfunded accrued liability is being amortized with a level percentage of projected payroll, assuming a 3.25% annual increase. At the current funding levels it is expected to be amortized over 26.8 years.

The City of Weslaco contributed \$319,560 to the plan during this fiscal year including \$6,594 towards amortizing an unfunded accrued liability of \$4,308,720.

At the end of the fiscal year 2013 the City was contributing 10% on gross wages for all full-time firemen and \$240 annually for each volunteer fireman. The full-time firemen contributed 10% of their gross wages to the plan. In 2014 the City's contribution rate will remain at 10%.

	<u>9/30/2012</u>	<u>12/31/2009</u>
Actuarial Present Value of Accrued Liability	\$ 11,030,766	\$ 9,285,971
Actuarial Present Value of Assets	<u>(6,985,491)</u>	<u>(4,977,251)</u>
Unfunded Actuarial Accrued Liabilities	<u>\$ 4,045,275</u>	<u>\$ 4,308,720</u>

Total assets include the present value of additional contributions of \$6,594 per year made by the volunteer firemen.

The City's rate is the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees.

Other Plans

The City has deferred compensation plans created in accordance with the Internal Revenue Code Section 457. The plans are administered by independent plan administrators through administrative service agreements. One plan is available to all city employees, and the other plan is available to all employees of the Weslaco Fire Department.

Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City, but not subject to the claims of the City's general creditors. Participants' rights under the plan are preferred to those of general creditors of the City in an amount equal to the fair market value of the deferred amount for each participant.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan agreement but does not have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Other Postemployment Benefits

The City does not pay any postemployment benefits and no unfunded actuarial accrued liabilities are required under GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*.

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the prepaid bond insurance reported in the government-wide statement of net position.

<u>Deferred Outflows</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Prepaid bond insurance	\$ 129,216	\$ 415,413	\$ 544,629
Totals	<u>\$ 129,216</u>	<u>\$ 415,413</u>	<u>\$ 544,629</u>

This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time.

<u>Deferred Inflows</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Note Receivable	\$ 511,750	\$ -	\$ 511,750
Totals	<u>\$ 511,750</u>	<u>\$ -</u>	<u>\$ 511,750</u>

At the governmental fund level, revenues that have been billed but not yet collected or collected within the availability period are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has 2 (two) categories that qualified as deferred inflows of resources. The following table describes the items and amounts:

<u>Deferred Inflows</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Economic Development</u>	<u>Total</u>
Property Taxes	\$ 822,593	\$ 339,722	\$ -	\$ 1,162,315
Note Receivable	-	-	3,663,048	3,663,048
Totals	<u>\$ 822,593</u>	<u>\$ 339,722</u>	<u>\$ 3,663,048</u>	<u>\$ 4,825,363</u>

NOTE N. CITY ADVISORY NON-PROFIT CORPORATION

There are five non-profit corporations owned by the City of Weslaco that are used to attract and promote industry, hospital and housing facilities.

The City Hospital and Housing Corporations (four) act as advisory boards which review and provide recommendations to the City Commission. There are no financial transactions involved.

Weslaco Development Committee, Inc. dissolved during the 2002 fiscal year. The Weslaco Economic Development Corporation absorbed the Weslaco Development Committee, Inc. assets and liabilities. The EDC operations are reported as a component unit in the Special Revenue Fund.

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE O. PROPRIETARY FUND-SANITARY LANDFILL

Recognition of closure and post-closure costs

State and federal EPA laws require final cover closure as well as post-closure care of the City of Weslaco landfill site in Alton, Texas. The Governmental Accounting Standards Board issued Statement No. 18-Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs. This statement addresses the financial statement effect of the EPA rules and states rules and requires that all closure and post-closure costs be recognized during the operating life of the landfill. The City's landfill is currently inactive.

The closure and post-closure costs considered are based on this inactive state. If the landfill begins receiving wastes, the closure and post-closure and related liability balance will have to be revised based on the capacity of the landfill that will be used.

Approximately twenty-five percent of the landfill capacity has been used to date. Based on the current capacity used, \$621,812 was estimated as a closure and post-closure cost. The transfer station, underground petroleum storage tanks, closure and post-closure costs were estimated at \$146,577. The landfill has been closed and post-closure costs liability is estimated at \$621,812. These costs are currently reflected in the financial statements of the Solid Waste Fund. As costs are incurred during the year, the liability will be reduced. The City met the state's financial assurance requirements during the current fiscal year. The landfill remains in an inactive status as of September 30, 2014. The post-closure costs include lab tests, gas monitoring, leachate disposal and general monitoring maintenance during its inactive status.

NOTE P. COMMITMENTS

The City contracts with the County of Hidalgo, Office of Tax Assessor-Collector to assess, maintain accountability, and collect its property taxes. The City is also committed to the Hidalgo County Appraisal District for the appraisal of property within the City. On October 1, 1993, the wastewater plant operations were contracted to OMI, a private management company. The water plant operations were contracted to OMI, on October 1, 1994. On October 1, 2013, the City resumed the wastewater and water plant operations. The brush collection was contracted to BFI on April 1996.

Minimum annual payments are as follows for the fiscal year ended September 30, 2014:

	2014	2013
County of Hidalgo-Tax Collection	\$ 44,060	\$ 44,060
Hidalgo County Appraisal District	93,133	90,554
OMI Management Company Sewer Plant	30,133	1,624,068
OMI Management Company Water Plant	30,133	1,143,091
Browning Ferris Industries (Brush Collections)	1,063,439	1,047,264
Browning Ferris Industries (Garbage Collections)	2,943,059	2,878,146
Upper Valley Humane Society	8,210	10,095
Municipal Judge	65,190	65,190
Medical Doctor (EMS)	40,000	40,000
Total	<u>\$ 4,317,357</u>	<u>\$ 6,942,468</u>

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE Q. INCENTIVE COMMITMENTS

The Economic Development Corporation of Weslaco (EDC) extended economic incentives to private enterprises as follows:

Monetary Incentives	Commitment	Paid in Prior Years	Paid in Current Year	Balance Due
Arturo's Bar & Grill	\$ 130,000	\$ 65,000	\$ 65,000	\$ -
Becknell Development	250,000	138,888	55,555	55,557
Darden Restaurants	120,000	60,000	60,000	-
Maverick Ind. Service	125,000	125,000	-	-
Pharmacy Care USA	75,000	50,000	25,000	-
TD Industries	71,000	40,400	10,200	20,400
Weslaco Hills Apts	620,000	601,907	-	18,093
Mayan-Khan's Grill	150,000	-	-	150,000
Motion Industries	56,000	18,500	2,500	35,000
Mission Foods	60,000	22,500	5,000	32,500
Wal-Mart	900,000	-	-	900,000
RMH Franchise (Apple Bee's)	120,000	-	60,000	60,000
Grande Valle Builders	13,500	-	13,500	-
RGV W.O.R.D Properties, LLC	22,500	18,170	-	4,330
LF Trinity MEP Engineering	40,000	22,500	-	17,500
Payne Auto Group (GMC)	275,000	55,000	55,000	165,000
Payne Auto Group (Chevy)	275,000	55,000	55,000	165,000
Payne Auto Group (Ford)	275,000	-	27,500	247,500
Hermes Trading, Co	200,000	-	87,500	112,500
Nolana Self-Storage (Sarina/Mtl 6)	300,000	-	150,000	150,000
CI Logistics	200,000	100,000	50,000	50,000
Weslaco Professional Plaza	300,000	-	35,000	265,000
Bridgestone (Lacina/KJS Group)	150,000	75,000	75,000	-
Mid Valley Trailer Repair	116,750	-	-	116,750
BPMP (Cheik-fil-A/Blue Wave)	500,000	-	-	500,000
Pop Holdings, LP (Popeye's)	50,000	-	25,000	25,000
Total Monetary Incentives	<u>\$ 5,394,750</u>	<u>\$ 1,447,865</u>	<u>\$ 856,755</u>	<u>\$ 3,090,130</u>

Subsequent year balances of \$3,090,130 are contingent on the business entities maintaining agreed upon employment levels and other conditions of the loan/grant incentives. This amount is not recognized as a liability in the financial statements.

NOTE R. RISK MANAGEMENT

The City is exposed to various risks or torts; theft of, damage to, and destruction of assets; injuries to employees, citizens and the general public; and natural disasters. During fiscal year 2014, the City purchased group health insurance, life insurance, general liability insurance, and workmen's compensation insurance. The City also purchased insurance coverage for fire and extended coverage on buildings and contents; and fire, lightning, and windstorm insurance for its vehicles for damages in excess of certain limits. There were no significant reductions in insurance coverage from coverage in the prior year by major category risk. In addition, there were no material insurance settlements exceeding insurance coverage in any of the past three years.

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE S. CONTINGENT LIABILITIES

The City participates in a number of federally assisted grant programs which are the Community Development Block Grants, the Local Public Works Program, and the Texas Department of Transportation. These programs are subject to program compliance audits by the grantors or their representatives. The audit of these programs for/or including the year ending September 30, 2014 have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City Advisory Non-Profit Corporations sometimes authorize other non-profit entities or governmental agencies to issue debt on the strength of the City of Weslaco, Texas. These debt loans, bond/issues do not obligate the City financially, but there is a contingency that this debt could obligate the City. Currently, there are two debt issues outstanding; one from the Housing Corporation Board of \$26,000 and one from the Hospital Board for \$56,000,000.

NOTE T. 380 ECONOMIC DEVELOPMENT PROGRAM AGREEMENT

The City of Weslaco is committed to the promotion of high quality development in all parts of the City and to an ongoing improvement in the quality of life for its citizens. The City of Weslaco has previously developed economic development programs and incentives designed to encourage high quality business, commercial, professional sports and manufacturing concerns to locate, remain, and expand in the City of Weslaco. Now the City of Weslaco seeks to enhance its economic development efforts to attract and retain high quality development and jobs by establishing Chapter 380 Economic Development Program Agreements.

These 380 Economic Development Program Agreements are established in an effort to develop and expand the local economy by promoting and encouraging development and redevelopment projects that enhance the City's economic base, and diversify and expand job opportunities or by promoting and encouraging projects that create additional revenue for the City without substantially increasing the demand on City services or infrastructure. The ultimate goal and public purpose of programs established is to protect and enhance the City's fiscal ability to provide high quality municipal services for the safety, comfort and enjoyment of Weslaco residents.

The following table lists the total Economic Development Program Agreements of the active 380 Economic Development Program Agreements:

Agreement	Total Payments	Payments		
		Prior Years	Current Year	Balance
SDI Weslaco Holdings, LLC	\$ 3,213,255	\$ 967,983	\$ 393,561	\$ 1,851,711
HEB Grocery Company, L.P.	4,193,162	1,084,457	268,470	2,840,235
Lowe's Home Center, Inc.	222,890	124,176	76,108	22,606
Total	<u>\$ 7,629,307</u>	<u>\$ 2,176,616</u>	<u>\$ 738,139</u>	<u>\$ 4,714,552</u>

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE T. 380 ECONOMIC DEVELOPMENT PROGRAM AGREEMENT (CONTINUED)

SALES TAX REBATE AGREEMENTS

In addition to the 380 Agreement, the City also offered sales rebates as additional incentives to the developer and retail establishments, locating within the SDI development project. These rebates are not recorded as a liability or commitment, as the individual amounts are not known until the sales taxes are collected. The total rebates have been set at \$5,250,000. These are to be reimbursed over ten years, beginning April 1, 2011. Total amount reimbursed sales tax proceeds to date is \$2,168,042, of which \$580,488 is current proceeds reimbursed. Total rebates balance owed is \$3,081,958.

NOTE U. LITIGATION

There are several pending lawsuits in which the City is involved. The City attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City at September 30, 2014.

NOTE V. RESTATEMENT OF NET POSITION / PRIOR PERIOD ADJUSTMENT

As a result of implementing GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, debt issuance costs in the amounts of \$261,092 were eliminated from the statement of activities, thus resulting in a restatement of prior year net position. The following governmental activities and business type activities were impacted:

	Governmental Activities	
	Government	General
	Wide	Fund
Net Position at Beginning of Year,	\$ 25,634,698	\$ 2,989,448
Change in Net Postion	2,955,875	2,479,206
Change in reporting debt issuance costs	(216,691)	-
<u>Prior Period Adjustments:</u>		
Cash balance adjustment	67,649	67,649
Payables that had been paid in prior years, but had not been cleared from payable listing	7,288	7,288
Total Changes/Prior Period Adjustments	(141,754)	74,937
Net Position at End of the Year, As Restated	\$ 28,448,819	\$ 5,543,591

CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE V. RESTATEMENT OF NET POSITION / PRIOR PERIOD ADJUSTMENT (CONTINUED)

	Business-Type Activities	
	Government	Water and
	Wide	Wastewater
		Fund
Net Position at Beginning of Year,	\$ 32,327,539	\$ 14,071,765
Change in Net Postion	3,337,102	1,791,465
Change in reporting debt issuance costs	(44,401)	(44,401)
<u>Prior Period Adjustments:</u>		
Bond premium revaluation	487,678	487,678
To reverse receivable not considered collectible	(105,533)	(105,533)
Total Change/Prior Period Adjustments	382,145	382,145
Net Position at End of the Year, As Restated	<u>\$ 36,002,385</u>	<u>\$ 16,200,974</u>

NOTE W. SUBSEQUENT EVENTS

Subsequent events were evaluated through May 5, 2015, which is the date the financial statements were issued.

**CITY OF WESLACO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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**REQUIRED SUPPLEMENTARY
INFORMATION**

**CITY OF WESLACO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS
LAST THREE FISCAL YEARS**

Fiscal Year	(1) Actuarial Value of Assets**	(2) Actuarial Accrued Liability *	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability As A Percentage of Covered Payroll
2008	\$ 17,001,070	\$ 27,821,973	61.10%	\$ 10,820,903	\$ 9,899,222	109.30%
2009	15,705,424	30,697,078	62.50%	11,497,544	10,083,824	114.02%
2010	28,318,513	27,479,052	103.10%	(839,461)	9,802,203	-8.60%
2011	28,450,881	27,926,939	101.90%	(523,942)	7,569,083	-6.90%
2012	29,417,936	29,326,031	100.30%	(91,905)	7,535,064	-1.22%
2013	30,891,253	32,958,191	93.70%	2,066,938	8,109,189	2.55%

* As of December 31 of the preceding year, the date of the actuarial valuation.

** Assets are stated cost as of December 31 of the preceding year.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Library Fund-This fund was created to account for sales tax allocations, grants and contributed revenues used to operate the Weslaco Library.

Hotel/Motel Tax Fund-This fund was created to account for hotel/motel tax collected in Weslaco. These funds are allocated for use in economic development and community enhancement.

**CITY OF WESLACO, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>Special Revenue Funds</u>			
	Hotel/ Motel Tax	Library Fund	2014 Total Funds	2013 Total Funds
Assets				
Cash and Cash Investments	\$ 146,334	\$ 14,364	\$ 160,698	\$ 390,763
Accounts Receivable	162,430	-	162,430	136,403
Due From Other Governments	-	-	-	-
Total Assets	<u>\$ 308,764</u>	<u>\$ 14,364</u>	<u>\$ 323,128</u>	<u>\$ 527,166</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 65,677	\$ -	\$ 65,677	\$ 162,126
Deferred Revenue	-	-	-	-
Total Liabilities	<u>65,677</u>	<u>-</u>	<u>65,677</u>	<u>162,126</u>
Fund Balances				
Unreserved	-	-	-	-
Designated	-	-	-	-
Undesignated	243,087	14,364	257,451	365,040
Total Fund Balance	<u>243,087</u>	<u>14,364</u>	<u>257,451</u>	<u>365,040</u>
Total Liabilities and Fund Balances	<u>\$ 308,764</u>	<u>\$ 14,364</u>	<u>\$ 323,128</u>	<u>\$ 527,166</u>

The notes to the financial statements are an integral part of this statement

CITY OF WESLACO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue Funds			
	Hotel/ Motel Tax	Library Fund	2014 Total Funds	2013 Total Funds
Revenues				
Hotel/Motel Tax	\$ 419,960	\$ -	\$ 419,960	\$ 382,934
Intergovernmental	-	-	-	-
Investment Income	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	44,831	-	44,831	6,236
Total Revenue	<u>464,791</u>	<u>-</u>	<u>464,791</u>	<u>389,170</u>
Expenditures				
Current:				
Development services	57,338	-	57,338	40,188
Cultural and recreational	113,297	-	113,297	129,026
Capital outlay	401,745	-	401,745	436,932
Total Expenditures	<u>572,380</u>	<u>-</u>	<u>572,380</u>	<u>606,146</u>
Excess (deficiency) of revenues over expenditures	<u>(107,589)</u>	<u>-</u>	<u>(107,589)</u>	<u>(216,976)</u>
Other financing sources (uses)				
Bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of (deficiency) revenues and other sources over expenditures and other (uses)	<u>(107,589)</u>	<u>-</u>	<u>(107,589)</u>	<u>(216,976)</u>
Fund balances at beginning of year	<u>350,676</u>	<u>14,364</u>	<u>365,040</u>	<u>582,016</u>
Fund balances at end of year	<u>\$ 243,087</u>	<u>\$ 14,364</u>	<u>\$ 257,451</u>	<u>\$ 365,040</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014
WITH COMPARATIVE ACTUAL TOTALS FOR 2013**

	2014			2013	
	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
Revenues					
Occupancy tax	\$ 350,000	\$ 350,000	\$ 419,960	\$ 69,960	\$ 382,934
Investment income	520	520	-	(520)	-
Miscellaneous Income	-	-	44,831	44,831	6,236
Total Revenues	<u>350,520</u>	<u>350,520</u>	<u>464,791</u>	<u>114,271</u>	<u>389,170</u>
Expenditures					
Current:					
Development services	37,100	37,100	57,338	(20,238)	40,188
Cultural and recreational	270,833	270,833	113,297	157,536	129,026
Capital outlay	-	-	401,745	(401,745)	436,932
Total Expenditures	<u>307,933</u>	<u>307,933</u>	<u>572,380</u>	<u>(264,447)</u>	<u>606,146</u>
Excess of revenues over expenditures	42,587	42,587	(107,589)	(150,176)	(216,976)
Other financing (uses)					
Transfers out	-	-	-	-	-
Excess of revenues over expenditures and other (uses)	<u>\$ 42,587</u>	<u>\$ 42,587</u>	(107,589)	<u>\$ (150,176)</u>	(216,976)
Fund balances at beginning of year			<u>350,676</u>		<u>567,652</u>
Fund balances at end of year			<u>\$ 243,087</u>		<u>\$ 350,676</u>

The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014
WITH COMPARATIVE ACTUAL TOTALS FOR 2013**

	2014			2013	
	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
Revenues					
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-
Investment income	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures					
Current:					
Cultural/recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess of (deficiency) revenues and other sources over expenditures and other (uses)	\$ -	\$ -	-	\$ -	-
Fund balance at beginning of year			14,364		14,364
Fund balances at end of year			\$ 14,364		\$ 14,364

The notes to the financial statements are an integral part of this statement

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
ACCOUNT GROUPS**

GENERAL FUND

The General Fund accounts for the resources used to finance the fundamental operations of the City. It is the basic fund of the City and covers all activities for which a separate fund has not been established.

**CITY OF WESLACO, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2014**

Assets	2014	2013
Cash	\$ 7,134,488	\$ 6,413,254
Investments		
Receivable (Net of allowance)	-	-
Property taxes	897,799	1,101,652
Sales taxes	906,767	853,239
Ambulance fee	237,774	199,507
Other	251,191	322,057
Other assets	-	5,000
Inventories	56,779	33,249
Prepaid expenses	123,331	-
Due from other funds	201,806	-
Due from other governments	181,794	200,677
Restricted Cash-Boy's & Girls Club	910,601	909,891
Restricted Cash-Friends of the Library	486,104	487,496
Restricted Cash-PEG	159,947	115,005
Total Assets	\$ 11,548,381	\$ 10,641,027
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 561,376	\$ 602,009
Accrued salaries and payroll taxes	323,929	362,258
Contract payable	227,398	484,743
Due to other funds	530,966	788,955
Other liabilities	400,427	380,430
Trust-Boy's & Girl's Club	910,601	909,891
Trust-Friends of the Library	486,104	487,496
Trust-PEG	159,947	115,005
Deferred revenues	822,593	1,041,586
Total Liabilities	4,423,341	5,172,373
Fund Balance		
Restricted for:		
Reserve for inventories	56,779	33,249
Reserve for prepaid expenses	123,331	-
Assigned to:		
Designated for public safety equipment	466,288	696,765
Undesignated	6,478,642	4,738,640
Total Fund Balance	7,125,040	5,468,654
Total Liabilities and Fund Balance	\$ 11,548,381	\$ 10,641,027

CITY OF WESLACO, TEXAS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED SEPTEMBER 30, 2013)

	Budget	Actual	Variance Favorable (Unfavorable)	2013 Actual
Revenues				
Taxes	\$ 17,261,700	\$ 17,507,062	\$ 245,362	\$ 17,267,563
Licenses and permits	390,050	446,828	56,778	405,601
Intergovernmental	386,245	323,179	(63,066)	569,518
Charges for services	2,547,805	2,783,840	236,035	2,832,851
Fines and forfeits	584,300	636,486	52,186	668,891
Interest	13,000	11,688	(1,312)	10,374
Miscellaneous revenue	215,050	292,316	77,266	217,535
Sale of assets	75,000	57,115	(17,885)	75,443
Total Revenues	21,473,150	22,058,514	585,364	22,047,776
Expenditures				
Current				
General government	4,693,297	4,617,018	76,279	3,782,466
Public safety	10,368,621	10,483,329	(114,708)	10,699,897
Public works	1,550,602	1,558,496	(7,894)	1,556,054
Culture and recreation	918,226	944,014	(25,788)	997,701
Nondepartmental expenses	583,559	565,216	18,343	477,223
Capital outlay	214,353	290,365	(76,012)	128,198
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	18,328,658	18,458,438	(129,780)	17,641,539
Excess (Deficiency) of Revenues Over Expenditures Before Operating Transfers and Extraordinary Items	3,144,492	3,600,076	455,584	4,406,237
Operating Transfers and Extraordinary Items				
Operating transfers in	-	-	-	-
Operating transfers out	(600,000)	(700,000)	(100,000)	(700,000)
380 Agreement expenditures	(702,922)	(738,139)	(35,217)	(581,949)
Sales tax agreement rebates	(847,543)	(580,488)	267,055	(645,082)
Total Operating Transfers and Extraordinary Items	(2,150,465)	(2,018,627)	131,838	(1,927,031)
Excess (Deficiency) of Revenues Operating Transfers, and Extraordinary Items Over Expenditures	\$ 994,027	\$ 1,581,449	\$ 587,422	\$ 2,479,206

**CITY OF WESLACO, TEXAS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED SEPTEMBER 30, 2013)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2013 Actual</u>
Excess (Deficiency) of Revenues, Operating Transfers, and Extraordinary Items Over Expenditures	<u>\$ 994,027</u>	\$ 1,581,449	<u>\$ 587,422</u>	\$ 2,479,206
Prior Period Adjustments (Note U)				74,937
Fund Balance, October 1, As Restated		<u>5,543,591</u>		<u>2,989,448</u>
Fund Balance, September 30,		<u>\$ 7,125,040</u>		<u>\$ 5,543,591</u>

**CITY OF WESLACO, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
Taxes			
General property taxes			
Advalorem taxes	\$ 6,868,000	\$ 7,046,902	\$ 178,902
Penalties and interest on taxes	225,000	213,938	(11,062)
Total General Property Taxes	7,093,000	7,260,840	167,840
City sales tax	8,550,000	8,581,453	31,453
Alcoholic beverage tax	65,000	93,778	28,778
Bingo tax	4,200	4,590	390
Payment in lieu of taxes	-	-	-
Franchise taxes	1,549,500	1,566,401	16,901
Other	-	-	-
Total Taxes	17,261,700	17,507,062	245,362
Licenses and Permits			
Business licenses and permits	296,675	379,097	82,422
Non-business licenses and permits	93,375	67,731	(25,644)
Total Licenses and Permits	390,050	446,828	56,778
Intergovernmental Revenue			
Urban County Development Grant	40,000	92,780	52,780
Federal Grants	346,245	148,056	(198,189)
State Grants	-	82,343	82,343
Total Intergovernmental Revenue	386,245	323,179	(63,066)
Charges for Services			
Administrative fee (other city funds)	1,221,140	1,221,140	-
Public safety	1,197,165	1,370,521	173,356
Health	72,500	141,474	68,974
Cemetery charges	57,000	50,705	(6,295)
Total Charges for Services	\$ 2,547,805	\$ 2,783,840	\$ 236,035

**CITY OF WESLACO, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fines and Forfeits			
Corporation court fines	\$ 488,300	\$ 422,836	\$ (65,464)
Municipal court technology	-	13,708	13,708
Money confiscated	-	107,371	107,371
Court fines	90,000	84,843	(5,157)
Library fines	6,000	7,728	1,728
Total Fines and Forfeits	<u>584,300</u>	<u>636,486</u>	<u>52,186</u>
Interest			
Interest revenue	13,000	11,688	(1,312)
Total Interest	<u>13,000</u>	<u>11,688</u>	<u>(1,312)</u>
Miscellaneous Revenues			
Rents	73,250	51,623	(21,627)
Royalties	1,000	1,397	397
Contribution	500	2,736	2,236
Reimbursements	45,000	98,843	53,843
Other income	95,300	137,717	42,417
Total Miscellaneous Revenues	<u>215,050</u>	<u>292,316</u>	<u>77,266</u>
Sale of Assets			
Proceeds Sale of Assets	75,000	57,115	(17,885)
Total Sale of Assets	<u>75,000</u>	<u>57,115</u>	<u>(17,885)</u>
Total Revenues	<u><u>\$ 21,473,150</u></u>	<u><u>\$ 22,058,514</u></u>	<u><u>\$ 585,364</u></u>

**CITY OF WESLACO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Control			
Legislative-City Commission			
Personal services	\$ 10,497	\$ 11,354	\$ (857)
Other services & charges	121,160	118,285	2,875
Supplies	4,640	6,394	(1,754)
Total Legislative-City Commission	<u>136,297</u>	<u>136,033</u>	<u>264</u>
 Executive-/City Manager's Office			
Personal services	344,123	335,249	8,874
Other services & charges	27,850	38,051	(10,201)
Supplies	12,000	7,936	4,064
Total Executive-City Manager's Office	<u>383,973</u>	<u>381,236</u>	<u>2,737</u>
 City Secretary's Office			
Personal services	219,220	218,772	448
Other services & charges	74,610	45,822	28,788
Supplies	10,000	10,624	(624)
Total City Secretary's Office	<u>303,830</u>	<u>275,218</u>	<u>28,612</u>
 Judicial-Corporation Court			
Personal services	128,027	127,951	76
Other services & charges	80,087	80,685	(598)
Supplies	3,150	2,646	504
Total Judicial-Corporation Court	<u>211,264</u>	<u>211,282</u>	<u>(18)</u>
 Total Control	<u>\$ 1,035,364</u>	<u>\$ 1,003,769</u>	<u>\$ 31,595</u>

**CITY OF WESLACO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT-continued			
Finance			
Personal services	\$ 337,654	\$ 337,594	\$ 60
Other services & charges	91,576	98,678	(7,102)
Supplies	9,320	8,238	1,082
Subtotal	<u>438,550</u>	<u>444,510</u>	<u>(5,960)</u>
Assessment and Collection of Taxes	<u>241,564</u>	<u>240,985</u>	<u>579</u>
Total Finance	<u>680,114</u>	<u>685,495</u>	<u>(5,381)</u>
Personnel Director			
Personal services	169,108	169,611	(503)
Other services & charges	17,629	17,668	(39)
Supplies	2,699	6,204	(3,505)
Total Personnel Director	<u>189,436</u>	<u>193,483</u>	<u>(4,047)</u>
Law-City Attorney			
Personal services	113,238	114,030	(792)
Other services & charges	603,460	546,755	56,705
Supplies	2,000	703	1,297
Total Law	<u>718,698</u>	<u>661,488</u>	<u>57,210</u>
Building Maintenance			
Personal services	586,121	586,129	(8)
Other services & charges	406,077	431,078	(25,001)
Supplies	56,231	61,025	(4,794)
Total Building Maintenance	<u>\$ 1,048,429</u>	<u>\$ 1,078,232</u>	<u>\$ (29,803)</u>

**CITY OF WESLACO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT-continued			
Data Processing			
Personal services	\$ 145,076	\$ 145,046	\$ 30
Other services & charges	144,320	141,314	3,006
Supplies	12,000	7,810	4,190
Total Data Processing	<u>301,396</u>	<u>294,170</u>	<u>7,226</u>
 Planning			
Personal services	559,260	559,164	96
Other services & charges	117,400	98,632	18,768
Supplies	43,200	42,585	615
Total Planning	<u>719,860</u>	<u>700,381</u>	<u>19,479</u>
 Total Staff Agencies	<u>3,657,933</u>	<u>3,613,249</u>	<u>44,684</u>
 Total General Government	<u>\$ 4,693,297</u>	<u>\$ 4,617,018</u>	<u>\$ 76,279</u>

**CITY OF WESLACO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC SAFETY			
Police Department			
Investigation and Uniformed Patrol			
Personal services	\$ 4,924,764	\$ 4,927,666	\$ (2,902)
Other services & charges	269,918	274,039	(4,121)
Supplies	191,264	278,000	(86,736)
Total Investigation and Uniformed Patrol	5,385,946	5,479,705	(93,759)
 Total Police Department	 5,385,946	 5,479,705	 (93,759)
 Fire Suppression			
Personal services	4,332,391	4,332,407	(16)
Other services & charges	225,659	233,968	(8,309)
Supplies	133,749	133,787	(38)
Total Protective Inspection	4,691,799	4,700,162	(8,363)
 Emergency Medical Services			
Other services & charges	160,794	172,600	(11,806)
Supplies	96,000	97,369	(1,369)
Total Emergency Medical Services	256,794	269,969	(13,175)
 Emergency Management			
Other services & charges	29,000	28,549	451
Supplies	5,100	4,944	156
Total Emergency Management	34,100	33,493	607
 Total Fire Department	 4,982,693	 5,003,624	 (20,931)
 Total Public Safety	 \$ 10,368,639	 \$ 10,483,329	 \$ (114,690)

**CITY OF WESLACO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PUBLIC WORKS			
Administration			
Personal services	\$ 197,561	\$ 197,493	\$ 68
Other services & charges	21,116	21,825	(709)
Supplies	3,350	2,995	355
Total Administration	<u>222,027</u>	<u>222,313</u>	<u>(286)</u>
Streets and Highways			
Personal services	562,394	550,247	12,147
Other services & charges	172,100	165,108	6,992
Supplies	70,796	79,647	(8,851)
Total Streets and Highways	<u>805,290</u>	<u>795,002</u>	<u>10,288</u>
Drain Ditch Maintenance			
Personal services	67,433	67,419	14
Other services & charges	28,407	28,777	(370)
Supplies	17,445	17,957	(512)
Total Drain Ditch Maintenance	<u>113,285</u>	<u>114,153</u>	<u>(868)</u>
Street Lighting			
Other services & charges	410,000	427,028	(17,028)
Total Street Lighting	<u>410,000</u>	<u>427,028</u>	<u>(17,028)</u>
Total Public Works	<u>\$ 1,550,602</u>	<u>\$ 1,558,496</u>	<u>\$ (7,894)</u>

**CITY OF WESLACO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CULTURE AND RECREATION			
Municipal Parks			
Personal services	\$ 165,888	\$ 165,777	\$ 111
Other services & charges	34,925	60,078	(25,153)
Supplies	16,862	18,389	(1,527)
Total Municipal Parks	<u>217,675</u>	<u>244,244</u>	<u>(26,569)</u>
Library			
Personal services	436,900	437,256	(356)
Other services & charges	137,370	137,993	(623)
Supplies	126,281	124,521	1,760
Total Library	<u>700,551</u>	<u>699,770</u>	<u>781</u>
Total Culture & Recreation	<u>918,226</u>	<u>944,014</u>	<u>(25,788)</u>
NON-DEPARTMENTAL EXPENSES			
General expenditures:			
Personal services	46,500	46,860	(360)
Other services & charges	537,059	518,356	18,703
Total Miscellaneous	<u>583,559</u>	<u>565,216</u>	<u>18,343</u>
CAPITAL OUTLAY			
General Government	4,030	6,572	(2,542)
Public Safety	187,833	271,809	(83,976)
Public Works	-	-	-
Streets and Highways	6,040	9,069	(3,029)
Culture and Recreation	16,450	2,915	13,535
Total Capital Outlay	<u>214,353</u>	<u>290,365</u>	<u>(76,012)</u>
Total Expenditures	<u>\$ 18,328,676</u>	<u>\$ 18,458,438</u>	<u>\$ (129,762)</u>

SPECIAL REVENUE FUNDS

These fund account for revenues are earmarked or restricted for certain purposes or within certain limitations.

Economic Development Corporation of Weslaco-This fund was created to account for the collection of a ½ cent sales tax to be used in economic development activities.

Library Fund-This fund was created to account for sales tax allocations, grants and contributed revenues used to operate the Weslaco Library.

Hotel/Motel Tax Fund-This fund was created to account for hotel/motel tax collected in Weslaco. These funds are allocated for use in economic development and community enhancement.

**CITY OF WESLACO, TEXAS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
SEPTEMBER 30, 2014**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)

	Economic Development Corporation	Library Fund	Hotel/ Motel Tax
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash	\$ 2,745,468	\$ 14,364	\$ 146,334
Investments	695,256	-	-
Accounts receivables	55,024	-	162,430
Due from other funds	-	-	-
Due from others	-	-	-
Notes receivable (net)	3,799,561	-	-
Escrow	-	-	-
Assets held for resale	300,090	-	-
Total Assets	<u><u>\$ 7,595,399</u></u>	<u><u>\$ 14,364</u></u>	<u><u>\$ 308,764</u></u>
Liabilities and Fund Balances			
Accounts payable	\$ 62,578	\$ -	\$ -
Prepaid rent	-	-	-
Contract payable	-	-	65,677
Due to other funds	-	-	-
Security deposits	4,000	-	-
Deferred revenue	3,663,048	-	-
Total Liabilities	<u><u>3,729,626</u></u>	<u><u>-</u></u>	<u><u>65,677</u></u>
Fund Balance			
Reserved			
Reserved for bond service	695,256	-	-
Unreserved	-	-	-
Designated for project development	600,000	-	-
Undesignated	<u>2,570,517</u>	<u>14,364</u>	<u>243,087</u>
Total Fund Balance	<u><u>3,865,773</u></u>	<u><u>14,364</u></u>	<u><u>243,087</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 7,595,399</u></u>	<u><u>\$ 14,364</u></u>	<u><u>\$ 308,764</u></u>

Totals			
2014		2013	
\$ 2,906,166		\$ 2,297,735	
695,256		695,256	
217,454		165,477	
-		213,310	
-		-	
3,799,561		4,220,509	
-		-	
300,090		340,485	
<u>\$ 7,918,527</u>		<u>\$ 7,932,772</u>	

\$ 62,578		\$ 51,585	
-		-	
65,677		199,374	
-		-	
4,000		14,000	
<u>3,663,048</u>		<u>4,036,343</u>	
<u>3,795,303</u>		<u>4,301,302</u>	

695,256		695,256	
-		-	
600,000		600,000	
<u>2,827,968</u>		<u>2,336,214</u>	
<u>4,123,224</u>		<u>3,631,470</u>	
<u>\$ 7,918,527</u>		<u>\$ 7,932,772</u>	

CITY OF WESLACO, TEXAS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)

	Economic Development Corporation	Library Fund	Hotel/ Motel Tax
Revenues			
Sales taxes	\$ 2,860,484	\$ -	\$ -
Hotel taxes	-	-	419,960
Intergovernmental	-	-	-
Contributions	-	-	-
Interest	104,053	-	-
Program Income	360,576	-	-
Sale of assets (Net)	(395)	-	-
Other	38,362	-	44,831
Total Revenues	<u>3,363,080</u>	<u>-</u>	<u>464,791</u>
Expenditures			
Economic development	2,431,668	-	57,338
Culture & recreation	310,069	-	113,297
Capital outlay	22,000	-	401,745
Total Expenditures	<u>2,763,737</u>	<u>-</u>	<u>572,380</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>599,343</u>	<u>-</u>	<u>(107,589)</u>
Other Financing Sources (Uses):			
Bond revenues	-	-	-
Bond redemption	-	-	-
Bond issuance costs	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>599,343</u>	<u>-</u>	<u>(107,589)</u>
Fund Balances at Beginning of Year, As Restated	<u>3,266,430</u>	<u>14,364</u>	<u>350,676</u>
Fund Balances at End of Year	<u>\$ 3,865,773</u>	<u>\$ 14,364</u>	<u>\$ 243,087</u>

2014		Variance	2013
Totals	Budget	Favorable (Unfavorable)	Totals
\$ 2,860,484	\$ 2,848,920	\$ 11,564	\$ 2,795,567
419,960	350,000	69,960	382,934
-	-	-	-
-	-	-	-
104,053	35,205	68,848	64,685
360,576	430,715	(70,139)	389,134
(395)	18,517	(18,912)	(18,493)
83,193	3,878	79,315	9,204
<u>3,827,871</u>	<u>3,687,235</u>	<u>140,636</u>	<u>3,623,031</u>
2,489,006	3,311,744	822,738	2,850,839
423,366	563,159	139,793	430,810
423,745	-	(423,745)	695,186
<u>3,336,117</u>	<u>3,874,903</u>	<u>538,786</u>	<u>3,976,835</u>
491,754	(187,668)	679,422	(353,804)
-	-	-	2,870,000
-	-	-	(2,765,000)
-	-	-	(58,639)
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>46,361</u>
491,754	<u>\$ (187,668)</u>	<u>\$ 679,422</u>	(307,443)
<u>3,631,470</u>			<u>3,938,913</u>
<u>\$ 4,123,224</u>			<u>\$ 3,631,470</u>

ECONOMIC DEVELOPMENT CORPORATION OF WESLACO

**CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO
COMPARATIVE SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Administration		
Personal services	\$ 53,734	\$ 86,128
Other services & charges	126,981	158,767
Total Administration	<u>180,715</u>	<u>244,895</u>
Property Management		
Personal services	93,204	168,822
Other services & charges	207,489	312,908
Bad debt expense	2,000	3,981
Total Property Management	<u>302,693</u>	<u>485,711</u>
Promotion & Development		
Personal services	95,249	108,444
Consultants	-	-
Other services & charges	214,820	193,341
Total Promotion & Development	<u>310,069</u>	<u>301,785</u>
Contract Services-Funding of Economic Development Projects:		
South Texas College	62,920	37,248
Valley Nature Center	-	10,000
Frontera Audubon	10,000	44,000
LRGVDC Relocation	-	10,833
Vida Grant	-	60,500
City of Weslaco Airport	-	371,976
Marines Bakery	-	114,500
Edible Arrangements	-	25,000
David Hernandez	-	48,127
Maria Cuellar	-	1,341
Affordable Homes	-	5,000
Taylor Construction	-	15,000
Mighty Joe's Gym	7,900	-
Phoenix DBD, LLC	1,940	-
Border BBQ	30,000	-
One Day on Earth	2,000	-
Total Contract Services	<u>114,760</u>	<u>743,525</u>

**CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO
COMPARATIVE SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Economic Incentives to Area Businesses:		
Weslaco Professional Plaza	\$ 35,000	\$ 43,763
TDI Industries	10,200	10,200
L & W Supply	55,555	55,555
Mission Foods	5,000	10,000
Motion Industries	2,500	10,000
RGV Word	-	18,170
Grande Valley Builders	13,500	-
Maverick Ind.	-	49,594
Darden Restaurants	60,000	60,000
CL Logistics, LLC	50,000	100,000
Bridgestone (Lacina)	75,000	75,000
Payne Auto Group	137,500	110,000
Arturo's Bar & Grill	65,000	65,000
LF Trintinty MEP Engineering	-	22,500
Nolana Self Storage (Mote 6)	150,000	-
Hermes Trading	87,500	-
Pharmacy Care	25,000	-
Pop Holdings (Popeye's)	25,000	-
RMH Franchise (AppleBee's)	60,000	-
Total Economic Incentives	<u>856,755</u>	<u>629,782</u>
Capital Outlay		
BVEC Building	-	227,671
Furniture & Equipment	-	4,430
Vehicle	-	26,153
Message Center	22,000	-
Total Capital Outlay	<u>22,000</u>	<u>258,254</u>
Debt Service		
Principal on bonds and notes	735,626	400,627
Interest on Bonds and Note	241,119	306,110
Fiscal charges	-	-
Total Debt Service	<u>976,745</u>	<u>706,737</u>
Total Expenditures	<u>\$ 2,763,737</u>	<u>\$ 3,370,689</u>

DEBT SERVICE FUND
GENERAL OBLIGATION BONDS

This fund is used to account for payment of principal and interest on the general long-term debt of the City. Financing is provided by apportioning a percentage of the property tax levy of the City to meet the general obligation bond requirements.

**CITY OF WESLACO, TEXAS
DEBT SERVICE FUND
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)**

	Totals	
	2014	2013
Assets		
Cash	\$ 230,059	\$ 383,410
Investments	-	-
Taxes receivable net of estimated uncollectible taxes	376,985	323,742
Due from other funds	530,963	575,645
Total Assets	\$ 1,138,007	\$ 1,282,797
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Interest payable	-	-
Deferred revenues-tax	339,722	286,479
Total Liabilities	339,722	286,479
Fund Balances		
Reserved for debt service	798,285	996,318
Total Liabilities and Fund Balances	\$ 1,138,007	\$ 1,282,797

CITY OF WESLACO, TEXAS
DEBT SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)

	Totals	
	2014	2013
Revenues		
Property taxes	\$ 2,586,697	\$ 2,675,752
Penalty/interest	85,430	95,800
Interest	14,861	14,219
Other	2,165	-
Total Revenues	2,689,153	2,785,771
Expenditures		
Debt service		
Defeased Bonds		
Redemption of serial bonds	1,975,688	2,125,976
Interest on bonds and notes	910,929	891,783
Fiscal charges	569	1,375
Bank Service Charges	-	-
Total Expenditures	2,887,186	3,019,134
Excess (Deficiency) of Revenues Over Expenditure	(198,033)	(233,363)
Other Financing Sources		
Bond proceeds	-	11,915,000
Bond premium	-	413,195
Bond redemption	-	(11,865,000)
Bond issuance costs	-	(183,309)
Total Other Financing Sources (Uses)	-	279,886
Excess of Revenues and Other Sources, Over-Expenditures	(198,033)	46,523
Fund Balances, October 1,	996,318	949,795
Fund Balances, September 30,	\$ 798,285	\$ 996,318

**CITY OF WESLACO, TEXAS
DEBT SERVICE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Interest and Sinking Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 2,642,190	\$ 2,586,697	\$ (55,493)
Penalty and Interest	90,000	85,430	(4,570)
Interest	12,600	14,861	2,261
Other	-	2,165	2,165
Total Revenues	<u>2,744,790</u>	<u>2,689,153</u>	<u>(55,637)</u>
Expenditures			
Debt service			
Redemption of serial bonds	1,752,000	1,975,688	(223,688)
Interest on bonds and notes	906,908	910,929	(4,021)
Fiscal charges	10,000	569	9,431
Bank service charges	-	-	-
Total Expenditures	<u>2,668,908</u>	<u>2,887,186</u>	<u>(218,278)</u>
Excess (Deficiency) of Revenues Over Expenditures	75,882	(198,033)	(273,915)
Other Financing Sources			
Bond proceeds	-	-	-
Bond premium	-	-	-
Bond redemption	-	-	-
Bond issuance costs	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources, Over-Expenditures	<u>\$ 75,882</u>	(198,033)	<u>\$ (273,915)</u>
Fund Balance, October 1,		<u>996,318</u>	
Fund Balance, September 30,		<u>\$ 798,285</u>	

CAPITAL PROJECTS FUND

CAPITAL PROJECTS FUNDS

These funds are used to account for revenues and expenditures relating to the acquisition of capital facilities and are principally financed from the sale of bonds and federal or state grants-in-aid.

2003 Certificate of Obligation Construction Fund – accounts for street improvements, public facilities, park improvements, main street beautification, landfill closure costs, and fire and EMS equipment. These projects are financed by the Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2003 for \$14,080,000.

2007 Certificate of Obligation Construction Fund – accounts for street improvements, acquisition of equipment for police department and fire suppression department, renovation of public works building, and improvement to the library facilities. These projects are financed by the Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007 for \$6,105,000.

2013 Certificate of Obligation Construction Fund – accounts for drainage improvements, street improvements, renovation and repair of city buildings and facilities, purchase of machinery and equipment, and payment of contractual obligation for professional services. These projects are financed by the Tax and Revenue Certificate of Obligation, Series 2013 for \$6,750,000.

**CITY OF WESLACO, TEXAS
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS
SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)**

	2003 Certificate of Obligation Construction Fund	2007 Certificate of Obligation Construction Fund	2013 Certificate of Obligation Construction Fund
Assets			
Cash	\$ 28,886	\$ -	\$ 6,142,629
Investments	-	-	-
Due from other funds	-	-	-
Due from others	-	-	271,429
Total Assets	\$ 28,886	\$ -	\$ 6,414,058
Liabilities			
Contract payable	\$ -	\$ -	\$ 43,507
Retainage payable	-	-	-
Due to others	-	-	-
Due to other funds	-	-	-
Total Liabilities	-	-	43,507
Fund Balances			
Unreserved-designated for capital expenditures	28,886	-	6,370,551
Total Liabilities and Fund Balance	\$ 28,886	\$ -	\$ 6,414,058

Totals	
2014	2013
\$ 6,171,515	\$ 7,701,460
-	-
-	-
271,429	-
<u>\$ 6,442,944</u>	<u>\$ 7,701,460</u>
\$ 43,507	\$ -
-	-
-	-
-	-
<u>43,507</u>	<u>-</u>
<u>6,399,437</u>	<u>7,701,460</u>
<u>\$ 6,442,944</u>	<u>\$ 7,701,460</u>

CITY OF WESLACO, TEXAS
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)

	2003 Certificate of Obligation Construction Fund	2007 Certificate of Obligation Construction Fund	2013 Certificate of Obligation Construction Fund
Revenues			
Interest	\$ -	\$ -	\$ -
Other income	-	-	374,288
Total Revenues	<u>-</u>	<u>-</u>	<u>374,288</u>
Expenditures			
Administrative expenditures	-	-	-
Capital outlay	-	-	-
Master plan	-	-	125,100
Street improvements	7,300	-	701,911
Park improvements	-	-	-
Library Improvements	-	-	-
Equipment	-	-	-
Streets & Highways	-	830,737	11,263
Fire Department	-	-	-
Emergency Management	-	-	-
Police Department	-	-	-
Land acquisition	-	-	-
Total Expenditures	<u>7,300</u>	<u>830,737</u>	<u>838,274</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,300)</u>	<u>(830,737)</u>	<u>(463,986)</u>
Other financing sources (uses)			
Bond proceeds	-	-	-
Bond premium	-	-	-
Bond issuance costs	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(7,300)</u>	<u>(830,737)</u>	<u>(463,986)</u>
Fund Balances, October 1,	<u>36,186</u>	<u>830,737</u>	<u>6,834,537</u>
Fund Balances, September 30,	<u>\$ 28,886</u>	<u>\$ -</u>	<u>\$ 6,370,551</u>

Totals	
2014	2013
\$ -	\$ -
374,288	300,421
<u>374,288</u>	<u>300,421</u>
-	-
-	-
125,100	-
709,211	-
-	-
-	-
-	-
842,000	-
-	-
-	-
-	-
<u>1,676,311</u>	<u>-</u>
(1,302,023)	300,421
-	6,750,000
-	209,320
-	(124,783)
-	-
<u>-</u>	<u>-</u>
-	6,834,537
(1,302,023)	7,134,958
<u>7,701,460</u>	<u>566,502</u>
<u>\$ 6,399,437</u>	<u>\$ 7,701,460</u>

CITY OF WESLACO, TEXAS
2003 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-
Miscellaneous revenue	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Administration expenditures	-	-	-
Capital outlay	-	-	-
Street Improvements	-	7,300	(7,300)
Park Improvements	-	-	-
Mainstreet Beautification	-	-	-
Cemetery Expansion	-	-	-
Total Expenditures	<u>-</u>	<u>7,300</u>	<u>(7,300)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(7,300)</u>	<u>7,300</u>
Other financing sources (uses)			
Bond Management Fees	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>(7,300)</u>	<u>\$ 7,300</u>
Fund Balances, October 1		<u>36,186</u>	
Fund Balances, September 30		<u>\$ 28,886</u>	

CITY OF WESLACO, TEXAS
2007 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-
Miscellaneous revenue	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Administration expenditures	-	-	-
Capital outlay	-	-	-
Border st. (18th to 34th)	-	-	-
Frost proof drive	-	-	-
Westgate Drive	-	-	-
Renovation-public works bldg	-	-	-
Equipment and Machinery	-	-	-
Paving Equipment	-	830,737	
Reserved	-	-	-
Total Expenditures	<u>-</u>	<u>830,737</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(830,737)</u>	<u>-</u>
Other financing sources (uses)			
Bond Management Fees	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>(830,737)</u>	<u>\$ -</u>
Fund Balances, October 1		<u>830,737</u>	
Fund Balances, September 30		<u>\$ -</u>	

CITY OF WESLACO, TEXAS
2013 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-
Miscellaneous revenue	-	374,288	374,288
Total Revenue	<u>-</u>	<u>374,288</u>	<u>374,288</u>
Expenditures			
Administration expenditures	-	-	-
Capital outlay	-	-	-
Master plan	-	125,100	-
Drainage improvements	-	-	-
Street improvements	-	701,911	-
Park improvements	-	-	-
Renovation and facilities	-	-	-
Equipment and machinery	-	-	-
Paving Equipment	-	11,263	-
Reserved	-	-	-
Total Expenditures	<u>-</u>	<u>838,274</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(463,986)</u>	<u>374,288</u>
Other financing sources (uses)			
Bond proceeds	-	-	-
Bond premium	-	-	-
Bond issuance costs	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>(463,986)</u>	<u>\$ 374,288</u>
Fund Balances, October 1		<u>6,834,537</u>	
Fund Balances, September 30		<u>\$ 6,370,551</u>	

ENTERPRISE FUNDS

Enterprise Funds are established to account for operations which are self-supporting through user charges to the general public. The City of Weslaco operates the water and wastewater utility plants and the municipal airport on this basis.

Water and Wastewater Fund - accounts for the provision of water and wastewater services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration (utility director, operations, maintenance, financing and related debt service, and billing and collection).

Solid Waste Fund - accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund. Prior to 1994 sanitation services were accounted in the City of Weslaco General Fund.

Airport Fund - accounts for the provision of airport facilities to area residents. All activities necessary to provide such services are accounted for in this fund. The fund is financed primarily by hangar rentals and tie-downs fees.

**CITY OF WESLACO, TEXAS
ENTERPRISE FUND
COMBINING BALANCE SHEETS
SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)**

	<u>Water and Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Airport Fund</u>
Assets			
Current Assets			
Cash	\$ 3,002,971	\$ 2,157,058	\$ 100
Investments	-	-	-
Receivables	-	-	-
Customers (net of allowance)	2,136,852	751,245	11,053
Inventory	93,824	-	37,883
Prepaid Expenses	-	-	-
Due from other funds	404,437	-	-
Due from other governments	40,604	-	-
Due from others	-	-	-
Prepaid bond insurance	415,413	-	-
Total Current Assets	<u>6,094,101</u>	<u>2,908,303</u>	<u>49,036</u>
Restricted Assets			
Cash Escrow (TXDOT)	-	-	723,952
Construction account	-	-	-
Cash in bank	-	-	-
Investments	-	-	-
Due from other funds	-	-	-
Revenue bond debt service account	827,271	-	-
Revenue bond reserve account	469,687	-	-
Revenue bond construction account	12,887,252	-	-
Capital fee for construction	1,101,007	-	-
Total Restricted Assets	<u>15,285,217</u>	<u>-</u>	<u>723,952</u>
Property, Plant, and Equipment			
Water and wastewater plant	108,599,529	-	-
Solid waste fixed assets	-	3,045,447	-
Airport fixed assets	-	-	8,527,349
Total	<u>108,599,529</u>	<u>3,045,447</u>	<u>8,527,349</u>
Less: Allowances for depreciation	<u>(27,515,460)</u>	<u>(2,483,344)</u>	<u>(3,838,463)</u>
Net Property, Plant, and Equipment	<u>81,084,069</u>	<u>562,103</u>	<u>4,688,886</u>
Total Assets	<u><u>\$ 102,463,387</u></u>	<u><u>\$ 3,470,406</u></u>	<u><u>\$ 5,461,874</u></u>

Totals	
2014	2013
\$ 5,160,129	\$ 3,837,120
-	-
-	-
2,899,150	2,635,605
131,707	153,249
-	-
404,437	130,044
40,604	628,602
-	-
415,413	-
9,051,440	7,384,620
723,952	723,952
-	-
-	-
-	-
-	-
827,271	813,590
469,687	469,687
12,887,252	16,563,417
1,101,007	1,086,164
16,009,169	19,656,810
108,599,529	90,903,542
3,045,447	3,045,447
8,527,349	8,524,971
120,172,325	102,473,960
(33,837,267)	(32,061,558)
86,335,058	70,412,402
\$ 111,395,667	\$ 97,453,832

CITY OF WESLACO, TEXAS
ENTERPRISE FUND-COMBINING BALANCE SHEET
SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)

Liabilities and Net Position	Water and Wastewater Fund	Solid Waste Fund	Airport Fund
Current Liabilities			
Accounts payable	\$ 231,406	\$ 394,091	\$ 13,381
Bank overdraft	-	-	-
Accrued salaries and payroll taxes	50,525	-	4,766
Compensated absences	82,131	-	104,014
Due to other funds	5,754	-	196,052
Customer deposits	937,594	-	5,620
Other liabilities	129,883	-	-
Total Current Liabilities	<u>1,437,293</u>	<u>394,091</u>	<u>323,833</u>
Current Liabilities			
Payable from Restricted Assets			
Construction contracts and retainage	4,086,701	-	-
Accrued interest on bonds	386,012	-	-
Revenue bonds payable-current	2,482,149	-	-
Total Current Liabilities Payable from Restricted Assets	<u>6,954,862</u>	<u>-</u>	<u>-</u>
Other Liabilities			
Revenue bonds payable (net of current and unamortized issuance costs)	62,788,008	-	-
Landfill closure and post-closure costs	-	621,812	-
Total Other Liabilities	<u>62,788,008</u>	<u>621,812</u>	<u>-</u>
Total Liabilities	<u>71,180,163</u>	<u>1,015,903</u>	<u>323,833</u>
Net Position			
Net Position			
Reserve for bond debt service	469,687	-	-
Unreserved	30,813,537	2,454,503	5,138,041
Total Net Position	<u>31,283,224</u>	<u>2,454,503</u>	<u>5,138,041</u>
Total Liabilities and Net Position	<u>\$ 102,463,387</u>	<u>\$ 3,470,406</u>	<u>\$ 5,461,874</u>

Totals	
2014	2013
\$ 638,878	\$ 707,810
-	313,925
55,291	44,803
186,145	187,619
201,806	-
943,214	892,891
129,883	145,917
<u>2,155,217</u>	<u>2,292,965</u>
4,086,701	1,689,125
386,012	307,075
<u>2,482,149</u>	<u>1,319,312</u>
<u>6,954,862</u>	<u>3,315,512</u>
62,788,008	55,517,721
621,812	662,993
<u>63,409,820</u>	<u>56,180,714</u>
<u>72,519,899</u>	<u>61,789,191</u>
469,687	469,687
<u>38,406,081</u>	<u>35,194,954</u>
<u>38,875,768</u>	<u>35,664,641</u>
<u>\$ 111,395,667</u>	<u>\$ 97,453,832</u>

CITY OF WESLACO, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)

	Water and Wastewater Fund	Solid Waste Fund	Airport Fund
Operating Revenues			
Water sales	\$ 6,032,689	\$ -	\$ -
Wastewater charges	4,539,179	-	-
Solid waste charges	-	4,775,108	
Fuel sales	-	-	153,653
Hangar rental fees	-	-	53,194
Intergovernmental Revenues	-	-	-
Other Operating Revenues	445,769	85,069	187
Total Operating Revenues	<u>11,017,637</u>	<u>4,860,177</u>	<u>207,034</u>
Operating Expenses Before Depreciation			
Personal services	1,785,610	-	165,122
Other services and charges	1,617,516	58,175	118,824
Supplies	1,028,125	676	23,445
Contractual services	1,180,656	4,107,248	-
Total Operating Expenses	<u>5,611,907</u>	<u>4,166,099</u>	<u>307,391</u>
Operating Income Before Depreciation	5,405,730	694,078	(100,357)
Depreciation	(1,490,086)	(50,380)	(235,243)
Operating Income (Loss)	<u>3,915,644</u>	<u>643,698</u>	<u>(335,600)</u>
Non-operating Revenues (Expenses)			
Interest earned	4,013	-	-
Unrealized gain on investments	-	-	-
Administrative fees	(173,105)	-	-
Bond interest and fiscal charges	(2,587,576)	(2,599)	-
Capital improvement fee	727,055	-	-
Capital grants	481,853	-	-
Total Non-operating Revenues (Expenses)	<u>(1,547,760)</u>	<u>(2,599)</u>	<u>-</u>
Income (Loss) Before Operating Transfers and Extraordinary Items	2,367,884	641,099	(335,600)
Operating Transfers and Extrordinary Items			
Operating Transfers In	-	-	200,000
Operating Transfers (Out)	-	-	-
Total Net Operating Transfers	<u>-</u>	<u>-</u>	<u>200,000</u>
Net Income (Loss)	2,367,884	641,099	(135,600)
Prior Period Adjustment (Note V)	-	-	-
Net Position, October 1,	<u>28,915,340</u>	<u>1,813,404</u>	<u>5,273,641</u>
Net Position, September 30,	<u>\$ 31,283,224</u>	<u>\$ 2,454,503</u>	<u>\$ 5,138,041</u>

Totals	
2014	2013
\$ 6,032,689	\$ 6,306,078
4,539,179	4,760,944
4,775,108	4,664,274
153,653	97,594
53,194	51,734
-	1,860
531,025	503,873
<u>16,084,848</u>	<u>16,386,357</u>
1,950,732	1,240,694
1,794,515	1,349,395
1,052,246	534,818
<u>5,287,904</u>	<u>7,914,322</u>
<u>10,085,397</u>	<u>11,039,229</u>
5,999,451	5,347,128
<u>(1,775,709)</u>	<u>(1,786,629)</u>
<u>4,223,742</u>	<u>3,560,499</u>
4,013	19,609
-	-
(173,105)	-
(2,590,175)	(2,386,367)
727,055	684,808
<u>481,853</u>	<u>1,258,553</u>
<u>(1,550,359)</u>	<u>(423,397)</u>
2,673,383	3,137,102
200,000	200,000
-	-
<u>200,000</u>	<u>200,000</u>
2,873,383	3,337,102
-	337,744
<u>36,002,385</u>	<u>32,327,539</u>
<u>\$ 38,875,768</u>	<u>\$ 36,002,385</u>

CITY OF WESLACO, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COM3)RATIVE TOTALS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012)

	Water and Wastewater Fund	Solid Waste Fund	Airport Fund
Cash flows from operating activities:			
Cash received from customers	\$ 10,768,559	\$ 4,830,767	\$ 492,714
Cash received from others	47,337	-	-
Cash received from operating grants	-	-	-
Cash received from other funds for services	135,798	-	-
Cash payments to suppliers for goods and services	(3,877,120)	(4,157,882)	(411,636)
Cash payments to employees for services	(1,780,891)	-	(160,827)
Cash payments to other funds for services	(404,437)	-	-
Net cash provided (used) by operating activities	<u>4,889,246</u>	<u>672,885</u>	<u>(79,749)</u>
Cash flows from non-capital financing activities			
Capital Grants	-	-	-
Transfers from other funds	568,696	-	200,000
Transfers to other funds	-	-	196,152
Net cash provided (used) by non-capital financing activities	<u>568,696</u>	<u>-</u>	<u>396,152</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(15,298,411)	-	(2,378)
Casualty loss	-	-	-
Capital improvements/administrative fees	727,055	-	-
Interest paid on bonds	(2,508,639)	(1,201)	-
Retirement of bonds	(1,271,160)	(60,000)	-
Bond/note/premium	9,685,217	-	-
Bond issuance costs	(173,105)	-	-
Landfill closure costs	-	(41,181)	-
Contributed capital -Urban County	481,853	-	-
Net cash provided (used) from capital and related financing activities	<u>(8,357,190)</u>	<u>(102,382)</u>	<u>(2,378)</u>
Cash flow from investing activities:			
Interest on cash and investments	4,013	-	-
Unrealized loss on investments	-	-	-
Net increase (decrease) in cash and cash investments	<u>(2,895,235)</u>	<u>570,503</u>	<u>314,025</u>
Cash and cash investments, October 1	<u>21,183,423</u>	<u>1,586,555</u>	<u>410,027</u>
Cash and cash investments, September 30	<u>\$ 18,288,188</u>	<u>\$ 2,157,058</u>	<u>\$ 724,052</u>

Totals	
2014	2013
\$ 16,092,040	\$ 16,568,493
47,337	116,233
-	-
135,798	130,044
(8,446,638)	(10,220,103)
(1,941,718)	(1,203,651)
(404,437)	-
<u>5,482,382</u>	<u>5,391,016</u>
-	1,091,770
768,696	1,590,800
<u>196,152</u>	<u>-</u>
<u>964,848</u>	<u>2,682,570</u>
(15,300,789)	(14,467,962)
-	-
727,055	684,808
(2,509,840)	(2,395,123)
(1,331,160)	(1,452,701)
9,685,217	-
(173,105)	-
(41,181)	-
<u>481,853</u>	<u>29,946</u>
<u>(8,461,950)</u>	<u>(17,601,032)</u>
4,013	19,609
<u>-</u>	<u>-</u>
(2,010,707)	(9,562,722)
<u>23,180,005</u>	<u>32,742,727</u>
<u>\$ 21,169,298</u>	<u>\$ 23,180,005</u>

CITY OF WESLACO, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)

	<u>Water and Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Airport Fund</u>
Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:			
Income (Loss) from operations:	\$ 3,915,644	\$ 643,698	\$ (340,675)
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:			
Depreciation	1,490,086	50,380	235,243
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivables	(249,078)	(29,410)	14,843
(Increase) Decrease in Due from Other Funds	(274,393)	-	-
(Increase) Decrease in Due from Others	-	-	19,302
(Increase) Decrease in Inventories	-	-	21,542
Increase (Decrease) in Accounts Payable	(34,789)	8,217	(42,360)
Increase (Decrease) in Accrued Salaries	10,558	-	(70)
Increase (Decrease) in Due to Other Funds	5,754	-	-
Increase (Decrease) in Deposits	47,337	-	2,986
Increase (Decrease) in other Liabilities	(16,034)	-	-
Increase (Decrease) in Compensated Absences	(5,839)	-	9,440
Net cash provided (used) by operating activities	<u><u>\$ 4,889,246</u></u>	<u><u>\$ 672,885</u></u>	<u><u>\$ (79,749)</u></u>

Reconciliation of Total Cash and Cash Investments

Current Cash - Cash And Cash Investments	\$ 3,002,971	\$ 2,157,058	\$ 100
Restricted Assets - Cash And Cash Investments	15,285,217	-	723,952
Current Liabilities - Bank Overdraft	-	-	-
Total Cash and Cash Investments	<u><u>\$ 18,288,188</u></u>	<u><u>\$ 2,157,058</u></u>	<u><u>\$ 724,052</u></u>

Totals	
2014	2013
\$ 4,218,667	\$ 3,560,499
1,775,709	1,786,629
(263,645)	(13,781)
(274,393)	130,044
19,302	(18,340)
21,542	67,355
(68,932)	(197,367)
10,488	44,803
5,754	-
50,323	39,656
(16,034)	(722)
3,601	(7,760)
<u>\$ 5,482,382</u>	<u>\$ 5,391,016</u>

\$ 5,160,129	\$ 3,837,120
16,009,169	19,656,810
-	(313,925)
<u>\$ 21,169,298</u>	<u>\$ 23,180,005</u>

WATER AND WASTEWATER FUND

**CITY OF WESLACO, TEXAS
WATER AND WASTEWATER FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2014 AND 2013**

Assets	2014	2013
Current Assets		
Cash	\$ 3,002,971	\$ 2,250,565
Investments	-	-
Accounts receivable (net of allowance)	2,136,852	1,887,774
Inventory	93,824	93,824
Due from other funds	404,437	130,044
Due from others	40,604	609,300
Prepaid bond insurance	415,413	
Total Current Assets	<u>6,094,101</u>	<u>4,971,507</u>
Restricted Assets		
Revenue bond debt service	827,271	813,590
Revenue bond reserve	-	-
Cash	469,687	469,687
Investments:		
Revenue bond construction	12,887,252	16,563,417
Capital Fee for Construction	1,101,007	1,086,164
Total Restricted Assets	<u>15,285,217</u>	<u>18,932,858</u>
Property, Plant, and Equipment		
Water Plant in service	17,559,472	16,781,173
Wastewater Plant in service	<u>53,972,237</u>	<u>28,945,701</u>
Total Plant in Service	71,531,709	45,726,874
Construction-in-Progress	<u>37,067,820</u>	<u>45,176,668</u>
Total Property, Plant and Equipment	108,599,529	90,903,542
Less: Accumulated depreciation	<u>(27,515,460)</u>	<u>(26,025,374)</u>
Total Net Property, Plant, and Equipment	<u>81,084,069</u>	<u>64,878,168</u>
Total Assets	<u><u>\$ 102,463,387</u></u>	<u><u>\$ 88,782,533</u></u>

**CITY OF WESLACO, TEXAS
WATER AND WASTEWATER FUNDS
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2014 AND 2013**

Liabilities and Net Position	2014	2013
Current Liabilities		
Payable from current assets		
Accounts payable	\$ 231,406	\$ 266,195
Accrued salaries and payroll taxes	50,525	39,967
Compensated absences	82,131	87,970
Due to other funds	5,754	-
Customer deposits	937,594	890,257
Other liabilities	129,883	145,917
Total Current Liabilities	1,437,293	1,430,306
Payable from Restricted Assets		
Construction contracts and retainage	4,086,701	1,689,125
Accrued interest on bonds	386,012	307,075
Revenue bonds payable-current	2,482,149	1,319,312
Total Payable from Restricted Assets	6,954,862	3,315,512
Other Liabilities		
Revenue bonds payable (net of current and unamortized premium/discount)	62,788,008	55,459,119
Total Liabilities	71,180,163	60,204,937
Net Position		
Net Position		
Reserve for bond debt service	469,687	469,687
Unreserved	30,813,537	28,107,909
Total Net Position	31,283,224	28,577,596
Total Liabilities and Net Position	\$ 102,463,387	\$ 88,782,533

CITY OF WESLACO, TEXAS
WATER AND WASTEWATER FUNDS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Water sales	\$ 6,032,689	\$ 6,306,078
Wastewater charges	4,539,179	4,715,181
Other Operating Revenues:		
Tap fees	71,575	65,412
Penalties	265,153	236,671
Intergovernmental Revenues	-	-
Miscellaneous	109,041	106,572
Total Operating Revenues	<u>11,017,637</u>	<u>11,429,914</u>
Operating Expenses Before Depreciation		
Personal services	1,785,610	1,062,036
Other services and charges	1,617,516	1,189,345
Supplies	1,028,125	516,692
Contractual services-operations	60,266	2,767,159
Contractual services-administrative	1,120,390	1,120,390
Total Operating Expenses	<u>5,611,907</u>	<u>6,655,622</u>
Operating Income Before Depreciation	5,405,730	4,774,292
Depreciation	<u>(1,490,086)</u>	<u>(1,516,924)</u>
Operating Income (Loss)	<u>3,915,644</u>	<u>3,257,368</u>
Non-operating Revenues (Expenses)		
Interest earned	4,013	19,609
Unrealized gain on investments	-	-
Bond issuance costs	(173,105)	-
Bond interest and fiscal charges	(2,587,576)	(2,382,866)
Capital Improvement fee	727,055	730,571
Capital Grants	481,853	166,783
Total Non-operating Revenues (Expenses)	<u>(1,547,760)</u>	<u>(1,465,903)</u>
Income (Loss) Before Operating Transfers and Extraordinary Items	2,367,884	1,791,465
Operating Transfers and Extraordinary Items		
Operating Transfers In	-	-
Operating Transfers (Out)	-	-
Total Net Operating Transfers	<u>-</u>	<u>-</u>
Net Income (Loss)	2,367,884	1,791,465
Prior Period Adjustments	-	337,744
Net Position, October 1, As Restated	<u>28,915,340</u>	<u>26,786,131</u>
Net Position, September 30,	<u>\$ 31,283,224</u>	<u>\$ 28,915,340</u>

CITY OF WESLACO, TEXAS
WATER AND WASTEWATER FUNDS
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from customers	\$ 10,768,559	\$ 11,474,095
Cash received from others	47,337	39,656
Cash received from operating grants	-	-
Cash received from other funds for services	135,798	130,044
Cash payments to suppliers for good and services	(3,877,120)	(5,820,914)
Cash payments to employees for services	(1,780,891)	(1,040,079)
Cash payments to other funds for services	(404,437)	-
Net cash provided (used) by operating activities	<u>4,889,246</u>	<u>4,782,802</u>
Cash flow from non-capital financing activities		
Capital grants	568,696	1,390,800
Transfers from other funds	-	-
Transfers to other funds	-	-
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets:	(15,298,411)	(13,728,168)
Capital improvements/administrative fees	727,055	684,808
Interest paid on bonds	(2,508,639)	(2,391,623)
Bond/note/premium	9,685,217	-
Retirement of bonds	(1,271,160)	(1,397,701)
Bond issuance costs	(173,105)	-
Contributed capital - Urban County	481,853	29,946
Net cash provided (used) by capital and related financing activities	<u>(8,357,190)</u>	<u>(16,802,738)</u>
Cash flow from investing activities:		
Interest on cash and investments	4,013	19,609
Unrealized loss on investments	-	-
Net cash provided (used) from investing activities	<u>4,013</u>	<u>19,609</u>
Net (decrease) in cash and cash investments	(2,895,235)	(10,609,527)
Cash and cash investments, October 1	<u>21,183,423</u>	<u>31,792,950</u>
Cash and cash investments, September 30	<u><u>\$ 18,288,188</u></u>	<u><u>\$ 21,183,423</u></u>

* Note: Cash includes cash, investments, restricted cash and its investments.

**CITY OF WESLACO, TEXAS
WATER AND WASTEWATER FUNDS
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u>
Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:		
Income (Loss) from operations:	\$ 3,915,644	\$ 3,303,131
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	1,490,086	1,516,924
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(249,078)	(1,582)
(Increase) Decrease in Due from Other Funds	(274,393)	130,044
(Increase) Decrease in Due from Others	-	-
(Increase) Decrease in Inventories	-	-
Increase (Decrease) in Accounts Payable	(34,789)	(226,606)
Increase (Decrease) in Accrued Salaries	10,558	39,967
Increase (Decrease) in Due to Other Funds	5,754	-
Increase (Decrease) in Deposits	47,337	39,656
Increase (Decrease) in other Liabilities	(16,034)	(722)
Increase (Decrease) in Compensated Absences	(5,839)	(18,010)
Net cash provided (used) by operating activities	<u><u>\$ 4,889,246</u></u>	<u><u>\$ 4,782,802</u></u>

Reconciliation of Total Cash and Cash Investments

Current Cash - Cash And Cash Investments	\$ 3,002,971	\$ 2,250,565
Restricted Assets - Cash And Cash Investments	15,285,217	18,932,858
Total Cash and Cash Investments	<u><u>\$ 18,288,188</u></u>	<u><u>\$ 21,183,423</u></u>

* Note: Cash includes cash, investments, restricted cash and its investments.

CITY OF WESLACO, TEXAS
WATER AND WASTEWATER FUND
SCHEDULE OF CHANGES IN RESTRICTED ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Revenue Bond Debt Service	Revenue Bond Reserve	Reserve for Construction	Capital Fee- Construction	Totals
Asset Balances,					
October 1, 2013	\$ 813,590	\$ 469,687	\$ 16,563,417	\$ 1,086,164	\$ 18,932,858
Cash Receipts:					
Bond proceeds	-	-	-	-	-
Note proceeds	-	-	9,075,000	-	9,075,000
Transfers in	2,082,108	-	1,808,520	-	3,890,628
Capital Fee	-	-	-	727,055	727,055
Interest earned	2,225	-	1,788	-	4,013
Other income	-	-	609,300	-	609,300
Total Revenues					
Available	<u>2,897,923</u>	<u>469,687</u>	<u>28,058,025</u>	<u>1,813,219</u>	<u>33,238,854</u>
Cash Disbursements:					
Construction contracts	-	-	13,942,723	87,900	14,030,623
Operating Costs	-	-	-	-	-
Transfer out	-	-	-	624,312	624,312
Bond issuance costs	-	-	-	-	-
Principal payments	1,014,312	-	305,000	-	1,319,312
Interest payments	1,056,340	-	923,050	-	1,979,390
Fiscal agent's fees	-	-	-	-	-
Rebatable liability	-	-	-	-	-
Total Disbursements	<u>2,070,652</u>	<u>-</u>	<u>15,170,773</u>	<u>712,212</u>	<u>17,953,637</u>
Asset Balances					
September 30, 2014	<u>\$ 827,271</u>	<u>\$ 469,687</u>	<u>\$ 12,887,252</u>	<u>\$ 1,101,007</u>	<u>\$ 15,285,217</u>

**CITY OF WESLACO, TEXAS
WATER AND WASTEWATER OPERATIONS
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
TO INDICATE NET REVENUE AVAILABLE FOR DEBT SERVICE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Water sales	\$ 6,032,689	\$ 6,306,078
Wastewater charges	4,539,179	4,715,181
Other revenues	445,769	408,655
Total Operating Revenues	<u>11,017,637</u>	<u>11,429,914</u>
Operating Expenses		
Personal services	1,785,610	1,062,036
Other services and charges	1,617,516	1,189,345
Supplies	1,028,125	516,692
Contractual services	1,180,656	3,887,549
Total Operating Expenses	<u>5,611,907</u>	<u>6,655,622</u>
Income Before Non-operating Revenues (Expenses)	<u>5,405,730</u>	<u>4,774,292</u>
Non-operating Revenues (Expenses)		
Capital Improvement Fee	727,055	730,571
Interest earned	4,013	19,609
Unrealized gain on investments	-	-
Total Non-Operating Revenues (Expenses)	<u>731,068</u>	<u>750,180</u>
Net Revenue Available For Debt Service	<u><u>\$ 6,136,798</u></u>	<u><u>\$ 5,524,472</u></u>

**CITY OF WESLACO, TEXAS
WATER OPERATIONS
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION
SEPTEMBER 30, 2014**

	Fixed Assets			
	Restated	Current		Balance
	Balance 10/1/2013	Additions	Retirements	Balance 9/30/2014
Water System and Equipment				
Land	\$ 163,584	\$ -	\$ -	\$ 163,584
Buildings	236,047	-	-	236,047
Improvements than buildings	12,251,645	827,614	-	13,079,259
Equipment	3,827,602	252,980	-	4,080,582
Total Water System and Equipment	<u>16,478,878</u>	<u>1,080,594</u>	<u>-</u>	<u>17,559,472</u>
Construction-in-progress	<u>20,797,245</u>	<u>16,821,881</u>	<u>818,565</u>	<u>36,800,561</u>
Total Utility Plant-in- Service	<u>\$ 37,276,123</u>	<u>\$ 17,902,475</u>	<u>\$ 818,565</u>	<u>\$ 54,360,033</u>

Depreciation Rate	Allowance for Depreciation				Net Book Value
	Balance 10/1/2013	Current Depreciation	Retirements	Balance 9/30/2014	
2 1/2-5%	\$ - 163,506	\$ - 5,200	\$ - -	\$ - 168,706	\$ 163,584 67,341
2 1/2-20%	7,752,099	370,181	-	8,122,280	4,956,979
2 1/2-20%	3,184,434	137,464	-	3,321,898	758,684
	<u>11,100,039</u>	<u>512,845</u>	<u>-</u>	<u>11,612,884</u>	<u>5,946,588</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,800,561</u>
	<u>\$ 11,100,039</u>	<u>\$ 512,845</u>	<u>\$ -</u>	<u>\$ 11,612,884</u>	<u>\$ 42,747,149</u>

CITY OF WESLACO, TEXAS
WASTEWATER OPERATIONS
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION
SEPTEMBER 30, 2014

Wastewater Plant Systems and Equipment	Fixed Assets			
	Restated Balance 10/1/2013	Current		Balance 9/30/2014
		Additions Adjustment	Retirements Adjustment	
Land	\$ 501,591		\$ -	\$ 501,591
Buildings	126,276	-	-	126,276
Improvements other than buildings	27,251,808	24,268,327	-	51,520,135
Equipment	1,368,321	455,914	-	1,824,235
Total Wastewater Plant Systems and Equipment	<u>29,247,996</u>	<u>24,724,241</u>	<u>-</u>	<u>53,972,237</u>
Construction-in-progress	<u>24,379,423</u>	<u>-</u>	<u>24,112,164</u>	<u>267,259</u>
Total Wastewater Plant-in-Service	<u>53,627,419</u>	<u>24,724,241</u>	<u>24,112,164</u>	<u>54,239,496</u>
Total Water Plant-In-Service	<u>37,276,123</u>	<u>17,902,475</u>	<u>818,565</u>	<u>54,360,033</u>
Total Water and Wastewater Plant-In-Service	<u><u>\$ 90,903,542</u></u>	<u><u>\$ 42,626,716</u></u>	<u><u>\$ 24,930,729</u></u>	<u><u>\$ 108,599,529</u></u>

Allowance for Depreciation					
Depreciation Rate	Balance 10/1/2013	Current		Balance 9/30/2014	Net Book Value
		Depreciation	Retirements		
	\$	\$ -	\$ -	\$ -	\$ 501,591
	46,431	7,366	-	53,797	72,479
2 1/2-4%	13,607,869	929,474	-	14,537,343	36,982,792
2 1/2-20%	1,271,035	40,401	-	1,311,436	512,799
	<u>14,925,335</u>	<u>977,241</u>	<u>-</u>	<u>15,902,576</u>	<u>38,069,661</u>
					<u>267,259</u>
	<u>14,925,335</u>	<u>977,241</u>	<u>-</u>	<u>15,902,576</u>	<u>38,336,920</u>
	<u>11,100,039</u>	<u>512,845</u>	<u>-</u>	<u>11,612,884</u>	<u>42,747,149</u>
	<u>\$ 26,025,374</u>	<u>\$ 1,490,086</u>	<u>\$ -</u>	<u>\$ 27,515,460</u>	<u>\$ 81,084,069</u>

CITY OF WESLACO, TEXAS
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
FROM WATER OPERATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Water sales	\$ 6,032,689	\$ 6,306,078
Intergovernmental Revenues		
Other Operating Revenues	-	-
Tap fees	71,575	65,412
Penalties	149,139	131,610
Miscellaneous	103,033	96,240
Total Operating Revenues	<u>6,356,436</u>	<u>6,599,340</u>
Operating Expenses Before Depreciation		
Personal services	1,330,341	959,990
Other services and charges	819,000	695,516
Supplies	834,656	505,423
Contractual services-water operations	30,133	1,143,091
Contractual services-administrative services	650,000	650,000
Total Operating Expenses	<u>3,664,130</u>	<u>3,954,020</u>
Operating Income Before Depreciation	2,692,306	2,645,320
Depreciation	<u>(512,845)</u>	<u>(550,751)</u>
Operating Income (Loss)	<u>2,179,461</u>	<u>2,094,569</u>
Non-operating Revenue (Expenses)		
Interest earned	1,204	5,883
Note issuance costs	(173,105)	-
Capital Grants	481,853	29,946
Bond interest and fiscal charges	<u>(776,273)</u>	<u>(714,860)</u>
Total Non-operating Revenues (Expenses)	<u>(466,321)</u>	<u>(679,031)</u>
Income(Loss) Before Operating Transfers	1,713,140	1,415,538
Net Operating Transfers		
Operating Transfers In	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>
Total Net Operating Transfers	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ 1,713,140</u>	<u>\$ 1,415,538</u>

CITY OF WESLACO, TEXAS
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
FROM WASTEWATER OPERATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Wastewater charges	\$ 4,539,179	\$ 4,715,181
Intergovernmental Revenue	-	-
Other Operating Revenues	-	-
Penalties	116,014	105,061
Miscellaneous	6,008	10,332
Total Operating Revenues	<u>4,661,201</u>	<u>4,830,574</u>
Operating Expenses Before Depreciation		
Personal services	455,269	102,046
Other services and charges	798,516	493,829
Supplies	193,469	11,269
Contractual services-sewer operations	30,133	1,624,068
Contractual services-administrative services	470,390	470,390
Total Operating Expenses	<u>1,947,777</u>	<u>2,701,602</u>
Operating Income Before Depreciation	2,713,424	2,128,972
Depreciation	<u>(977,241)</u>	<u>(966,173)</u>
Operating Income (Loss)	<u>1,736,183</u>	<u>1,162,799</u>
Non-operating Revenues (Expenses)		
Capital Improvement Fee	727,055	730,571
Interest earned	2,809	13,726
Bond issuance costs	-	-
Capital Grants	-	136,837
Bond interest and fiscal charges	<u>(1,811,303)</u>	<u>(1,668,006)</u>
Total Non-operating Revenues (Expenses)	<u>(1,081,439)</u>	<u>(786,872)</u>
Income (Loss) Before Operating Transfers	654,744	375,927
Net Operating Transfers		
Operating Transfers In	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>
Total Net Operating Transfers	<u>-</u>	<u>-</u>
Net Income (Loss)	<u><u>\$ 654,744</u></u>	<u><u>\$ 375,927</u></u>

**CITY OF WESLACO, TEXAS
WATER OPERATIONS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
DEPARTMENT			
Water Supply, Pumping and Purification			
Personal services	\$ 503,269	\$ 494,134	\$ 9,135
Other services & charges	435,070	396,098	38,972
Supplies	909,578	769,165	140,413
Contractual services	42,554	30,133	12,421
Total Water Supply, Pumping and Purification	<u>1,890,471</u>	<u>1,689,530</u>	<u>200,941</u>
Water Transmission and Distribution			
Personal services	404,013	385,508	18,505
Other services & charges	205,446	79,020	126,426
Supplies	53,160	33,725	19,435
Contractual services	-	-	-
Total Water Transmission and Distribution	<u>662,619</u>	<u>498,253</u>	<u>164,366</u>
Maintenance Shop			
Personal services	175,612	143,834	31,778
Other services & charges	63,009	57,169	5,840
Supplies	18,105	16,851	1,254
Contractual	-	-	-
Total Maintenance Shop	<u>256,726</u>	<u>217,854</u>	<u>38,872</u>
Administration and Finance			
Personal services	309,003	306,865	2,138
Other services & charges	258,113	253,004	5,109
Supplies	14,712	14,915	(203)
Contractual/General government	650,000	650,000	-
Bad debt expense	-	33,709	(33,709)
Total Administration and Finance	<u>1,231,828</u>	<u>1,258,493</u>	<u>(26,665)</u>
Total Operating Expenses	<u>\$ 4,041,644</u>	<u>\$ 3,664,130</u>	<u>\$ 377,514</u>

**CITY OF WESLACO, TEXAS
WASTEWATER OPERATIONS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
DEPARTMENT			
Sewage Pumping and Collection			
Personal services	\$ 232,081	\$ 217,685	\$ 14,396
Other services & charges	182,129	138,262	43,867
Supplies	86,258	73,615	12,643
Contractual services	30,134	30,133	1
Total Sewage Pumping and Collections	530,602	459,695	70,907
Sewage Treatment			
Personal services	288,340	237,584	50,756
Other services & charges	675,494	631,110	44,384
Supplies	132,635	119,854	12,781
Contractual services	-	-	-
Total Sewage Treatment	1,096,469	988,548	107,921
Administration and Finance			
Bad debt expense	-	29,144	(29,144)
Contractual/General government	470,390	470,390	-
Total Administration and Finance	470,390	499,534	(29,144)
Total Operating Expense	\$ 2,097,461	\$ 1,947,777	\$ 149,684

SOLID WASTE FUND

**CITY OF WESLACO, TEXAS
SOLID WASTE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash	\$ 2,157,058	\$ 1,586,555
Accounts receivable (net of allowance)	751,245	721,835
Due from other funds	-	-
Due from others	-	-
Total Current Assets	<u>2,908,303</u>	<u>2,308,390</u>
Property, Plant and Equipment		
Equipment in service	3,045,447	3,045,447
Less: Accumulated depreciation	<u>(2,483,344)</u>	<u>(2,432,964)</u>
Total Property, Plant and Equipment	<u>562,103</u>	<u>612,483</u>
Total Assets	<u><u>\$ 3,470,406</u></u>	<u><u>\$ 2,920,873</u></u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 394,091	\$ 385,874
Due to other funds	-	-
Total Current Liabilities	<u>394,091</u>	<u>385,874</u>
Long-Term Liabilities		
Revenue bonds payable (net of current and unamortized issuance costs)	-	58,602
Long-term closure and post-closure liabilities	<u>621,812</u>	<u>662,993</u>
Total Liabilities	<u>1,015,903</u>	<u>1,107,469</u>
Net Position		
Unreserved	<u>2,454,503</u>	<u>1,813,404</u>
Total Net Position	<u>2,454,503</u>	<u>1,813,404</u>
Total Liabilities and Net Position	<u><u>\$ 3,470,406</u></u>	<u><u>\$ 2,920,873</u></u>

**CITY OF WESLACO, TEXAS
SOLID WASTE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Garbage fees	\$ 3,642,362	\$ 3,569,589
Brush fees	1,132,746	1,094,685
Other operating revenues/insurance proceeds	81,713	83,701
Recycling fees	3,356	4,543
Total Operating Revenues	<u>4,860,177</u>	<u>4,752,518</u>
Operating Expenses Before Depreciation		
Personal services		
Other services and charges	58,175	52,377
Supplies	676	945
Contractual	4,107,248	4,026,773
Total Operating Expenses	<u>4,166,099</u>	<u>4,080,095</u>
Operating Income (Loss) Before Depreciation	694,078	672,423
Depreciation	<u>(50,380)</u>	<u>(61,837)</u>
Operating Income (Loss)	643,698	610,586
Non-operating Revenues (Expenses)		
Interest earned	-	-
Capital Grants	-	-
Bond Interest and Fiscal Changes	(2,599)	(3,501)
Total Non-operating Revenues (Expenses)	<u>(2,599)</u>	<u>(3,501)</u>
Income (Loss) Before Operating Transfers And Extraordinary Items	641,099	607,085
Operating Transfers		
Operating Transfers In	-	-
Operating Transfers (Out)	-	-
Total Net Operating Transfers	<u>-</u>	<u>-</u>
Net Income (Loss)	641,099	607,085
Net Position, October 1	<u>1,813,404</u>	<u>1,206,319</u>
Net Position, September 30	<u><u>\$ 2,454,503</u></u>	<u><u>\$ 1,813,404</u></u>

**CITY OF WESLACO, TEXAS
SOLID WASTE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from customers	\$ 4,830,767	\$ 4,722,893
Cash received from others	-	76,577
Cash received from other funds	-	-
Cash payments to suppliers for goods and services	(4,157,882)	(4,061,846)
Cash payments to employees for services	-	-
Cash payments to other funds	-	-
Net cash provided (used) by operating activities	<u>672,885</u>	<u>737,624</u>
Cash flows from non-capital financing activities		
Transfers from other funds	-	-
Transfers to other funds	-	-
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	-	-
Interest Paid on Bonds	(1,201)	(3,500)
Bond revenue proceeds (net)	(60,000)	(55,000)
Landfill closure costs	(41,181)	(54,885)
Net cash provided (used) by capital and related financing activities	<u>(102,382)</u>	<u>(113,385)</u>
Cash flow from investing activities:		
Interest on cash and investments	-	-
Net increase (decrease) in cash and cash investments	570,503	624,239
Cash and cash investments, October 1	<u>1,586,555</u>	<u>962,316</u>
Cash and cash investments, September 30	<u><u>\$ 2,157,058</u></u>	<u><u>\$ 1,586,555</u></u>

**CITY OF WESLACO, TEXAS
SOLID WASTE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u>
Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:		
Income (Loss) from operations:	\$ 643,698	\$ 610,586
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	50,380	61,837
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(29,410)	7,240
(Increase) Decrease in Due from Other Funds	-	-
(Increase) Decrease in Due from Others	-	76,577
Increase (Decrease) in Accounts Payable	8,217	(18,616)
Increase (Decrease) in Due to Other Funds	-	-
Net cash provided (used) by operating activities	<u><u>\$ 672,885</u></u>	<u><u>\$ 737,624</u></u>

Reconciliation of Total Cash and Cash Investments

Current Cash - Cash And Cash Investments	\$ 2,157,058	\$ 1,586,555
Restricted Assets - Cash And Cash Investments	-	-
Total Cash and Cash Investments	<u><u>\$ 2,157,058</u></u>	<u><u>\$ 1,586,555</u></u>

**CITY OF WESLACO, TEXAS
SOLID WASTE FUND
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
DEPARTMENT			
Waste Collection			
Personal services	\$ -	\$ -	\$ -
Other services & charges	15,500	15,824	(324)
Supplies	-	-	-
Contractual	<u>2,865,307</u>	<u>2,943,059</u>	<u>(77,752)</u>
Total Waste Collection	<u>2,880,807</u>	<u>2,958,883</u>	<u>(78,076)</u>
Waste Disposal			
Personal services	-	-	-
Other services & charges	2,500	3,663	(1,163)
Supplies	<u>1,500</u>	<u>62</u>	<u>1,438</u>
Total Waste Disposal	<u>4,000</u>	<u>3,725</u>	<u>275</u>
Brush Collection			
Personal services	-	-	-
Contractual	<u>1,045,000</u>	<u>1,063,439</u>	<u>(18,439)</u>
Total Brush Collection	<u>1,045,000</u>	<u>1,063,439</u>	<u>(18,439)</u>
Landfill			
Other services & charges	6,000	2,680	3,320
Supplies	-	-	-
Contractual	<u>-</u>	<u>614</u>	<u>(614)</u>
Total Landfill	<u>6,000</u>	<u>3,294</u>	<u>2,706</u>
Administration and Financing			
Personal services	-	-	-
Contractual/General government	100,750	100,750	-
Bad debt expense	<u>-</u>	<u>36,008</u>	<u>(36,008)</u>
Total Administration and Financing	<u>100,750</u>	<u>136,758</u>	<u>(36,008)</u>
Total Operating Expenses	<u>\$ 4,036,557</u>	<u>\$ 4,166,099</u>	<u>\$ (129,542)</u>

**CITY OF WESLACO, TEXAS
SOLID WASTE FUND
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION
SEPTEMBER 30, 2014**

SOLID WASTE FIXED ASSETS	Fixed Assets			
	Balance 10/1/13	Current		Balance 9/30/2014
		Additions	Retirements	
Land	\$ 421,247	\$ -	\$ -	\$ 421,247
Improvements other than buildings	64,461	-	-	64,461
Equipment	1,890,958	-	-	1,890,958
Total Solid Waste Fixed Assets	<u>2,376,666</u>	<u>-</u>	<u>-</u>	<u>2,376,666</u>
Recycling Center	668,781	-	-	668,781
Total Fixed Assets	<u>\$ 3,045,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,045,447</u>

Depreciation Rate	Allowance for Depreciation			Balance 9/30/14	Net Book Value
	Balance 10/1/13	Current Depreciation	Retirements		
	\$ -	\$ -	\$ -	\$ -	\$ 421,247
20%	31,864	1,880	-	33,744	30,717
10-33%	1,732,319	48,500		1,780,819	110,139
	1,764,183	50,380	-	1,814,563	562,103
	668,781	-	-	668,781	-
	<u>\$ 2,432,964</u>	<u>\$ 50,380</u>	<u>\$ -</u>	<u>\$ 2,483,344</u>	<u>\$ 562,103</u>

AIRPORT FUND

**CITY OF WESLACO, TEXAS
AIRPORT FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2014**

Assets	2014	2013
Current Assets		
Cash	\$ 100	\$ -
Accounts receivable (Net of Allowance)	11,053	25,996
Inventory	37,883	59,425
Due from others	-	19,302
Total Current Assets	<u>49,036</u>	<u>104,723</u>
Restricted Assets		
Cash Escrow (TXDOT)	<u>723,952</u>	<u>723,952</u>
Property, Plant, and Equipment		
Airport fixed assets	8,527,349	8,524,971
Less: allowance for depreciation	<u>(3,838,463)</u>	<u>(3,603,220)</u>
Total Property, Plant, and Equipment	<u>4,688,886</u>	<u>4,921,751</u>
Total Assets	<u><u>\$ 5,461,874</u></u>	<u><u>\$ 5,750,426</u></u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 13,381	\$ 55,741
Accrued salaries	4,766	4,836
Bank overdraft	-	313,925
Due to other funds	196,052	-
Compensated absences	104,014	99,649
Deposits	<u>5,620</u>	<u>2,634</u>
Total Current Liabilities	<u>323,833</u>	<u>476,785</u>
Net Position		
Unreserved	<u>5,138,041</u>	<u>5,273,641</u>
Total Net Position	<u>5,138,041</u>	<u>5,273,641</u>
Total Liabilities and Net Position	<u><u>\$ 5,461,874</u></u>	<u><u>\$ 5,750,426</u></u>

**CITY OF WESLACO, TEXAS
AIRPORT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Fuel sales (net of cost)	\$ 153,653	\$ 97,594
Hangar/Bldg. Rentals	53,194	51,734
Operating Grants	-	1,860
Other operating revenues	187	6,974
Total Operating Revenues	<u>207,034</u>	<u>158,162</u>
Operating Expenses Before Depreciation		
Personal services	165,122	178,658
Other services and charges	118,824	107,673
Supplies	23,445	17,181
Total Operating Expenses	<u>307,391</u>	<u>303,512</u>
Operating Income (Loss) Before Depreciation	(100,357)	(145,350)
Depreciation	<u>(235,243)</u>	<u>(207,868)</u>
Net Operating Income(Loss)	<u>(335,600)</u>	<u>(353,218)</u>
Non-Operating Revenues (Expenses)		
Interest earned	-	-
Capital Grants	-	1,091,770
Total Non-operating Revenues (Expenses)	<u>-</u>	<u>1,091,770</u>
Income (Loss) Before Operating Transfers	<u>(335,600)</u>	<u>738,552</u>
Operating Transfers		
Operating transfers in	200,000	200,000
Operating transfers out	-	-
Total Operating Transfers	<u>200,000</u>	<u>200,000</u>
Net Income (Loss)	(135,600)	938,552
Net Position, October 1	<u>(1,308,171)</u>	<u>(2,246,723)</u>
Net Position, September 30,	<u><u>\$ (1,443,771)</u></u>	<u><u>\$ (1,308,171)</u></u>

CITY OF WESLACO, TEXAS
AIRPORT FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from customers	\$ 492,714	\$ 371,505
Cash received from operating grants	-	-
Cash payments to suppliers for goods and services	(411,636)	(337,343)
Cash payments to employees for services	(160,827)	(163,572)
Net cash provided (used) for by operating activities	<u>(79,749)</u>	<u>(129,410)</u>
Cash flows from non-capital financing activities:		
Capital Grants	-	1,091,770
Transfers from other funds	200,000	200,000
Payment of due to other fund	196,152	-
	<u>396,152</u>	<u>1,291,770</u>
Cash flow from capital and related financing activities:		
Acquisition and construction of capital assets	(2,378)	(739,794)
Retirements on accounts payable	-	-
Net cash provided (used) for capital activities	<u>(2,378)</u>	<u>(739,794)</u>
Cash flows from investing activities:		
Interest on investments	-	-
Net cash from investing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	314,025	422,566
Cash at beginning of year	<u>410,027</u>	<u>(12,539)</u>
* Cash at end of year	<u><u>\$ 724,052</u></u>	<u><u>\$ 410,027</u></u>

* Note: Cash includes operating cash and cash escrow balances.

**CITY OF WESLACO, TEXAS
AIRPORT FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u>
Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:		
Income (Loss) from operations:	\$ (340,675)	\$ (353,218)
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	235,243	207,868
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	14,843	(19,439)
(Increase) Decrease in Due from Other Funds	-	-
(Increase) Decrease in Due from Others	19,302	(18,340)
(Increase) Decrease in Inventories	21,542	(9,222)
Increase (Decrease) in Accounts Payable	(42,360)	47,855
Increase (Decrease) in Accrued Salaries	(70)	4,836
Increase (Decrease) in Deposits	2,986	-
Increase (Decrease) in Compensated Absences	9,440	10,250
Net cash provided (used) by operating activities	<u><u>\$ (79,749)</u></u>	<u><u>\$ (129,410)</u></u>

Reconciliation of Total Cash and Cash Investments

Current Cash - Cash And Cash Investments	\$ 100	\$ -
Restricted Cash - Escrow (TXDOT)	723,952	723,952
Current Liabilities - Bank Overdraft	<u>-</u>	<u>(313,925)</u>
Total Cash and Cash Investments	<u><u>\$ 724,052</u></u>	<u><u>\$ 410,027</u></u>

CITY OF WESLACO, TEXAS
AIRPORT FUND
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION
SEPTEMBER 30, 2014

Fixed Assets	Fixed Assets			
	Balance	Current		Balance
	10/1/2013	Additions	Retirements	9/30/2014
Land-airport site	\$ 98,439	\$ -	\$ -	\$ 98,439
Land-Airpark	1,327,009	-	-	1,327,009
Land-Industrial Park	40,000	-	-	40,000
Custom Permit Costs	30,000	-	-	30,000
Landscaping	69,333	-	-	69,333
Paving-runway and taxi strip	819,210	-	-	819,210
Helo Pad	9,265	-	-	9,265
Paving-runway	726,012	-	-	726,012
Buildings	648,540	-	-	648,540
Equipment	528,945	2,378	-	531,323
Improvements-runway lights	55,576	-	-	55,576
Improvements-parking	61,055	-	-	61,055
Improvements-runway paving	813,391	-	-	813,391
Improvements-fence	121,593	-	-	121,593
Terminal apron expansion	1,758,370	-	-	1,758,370
Sub Total	7,106,738	2,378	-	7,109,116
Construction-In-Progress	1,418,233	-	-	1,418,233
Total Fixed Assets	<u>\$ 8,524,971</u>	<u>\$ 2,378</u>	<u>\$ -</u>	<u>\$ 8,527,349</u>

Allowance for Depreciation					
Depreciation	Balance	Current		Balance	Net Book
Rate	10/1/2013	Depreciation	Retirements	9/30/2014	Value
	\$ -	\$ -	\$ -	\$ -	\$ 98,439
	-	-	-	-	1,327,009
	-	-	-	-	40,000
	4,000	2,000	-	6,000	24,000
	52,476	1,710	-	54,186	15,147
3%	350,767	55,773	-	406,540	412,670
	5,029	578	-	5,607	3,658
	529,987	29,040	-	559,027	166,985
4-20%	360,209	10,166	-	370,375	278,165
	507,029	5,570	-	512,599	18,724
10%	55,576	-	-	55,576	-
3-10%	61,055	21,755	-	82,810	(21,755)
3-4%	645,744	-	-	645,744	167,647
10%	110,437	3,156	-	113,593	8,000
	920,911	105,495	-	1,026,406	731,964
	3,603,220	235,243	-	3,838,463	3,270,653
	-	-	-	-	1,418,233
	\$ 3,603,220	\$ 235,243	\$ -	\$ 3,838,463	\$ 4,688,886

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for services performed by one government organization for others on a cost recovery basis. The City of Weslaco operates the medical group self-insurance program as an internal service fund.

Equipment Replacement Fund-This fund accounts for the City's equipment replacement program. The purpose of this fund is to accumulate funds to replace equipment by purchasing and leasing equipment to the various departments involved, or merely purchase equipment and transfer to their respective funds, either the General Fixed Assets Account Group or the individual enterprise funds.

**CITY OF WESLACO, TEXAS
EQUIPMENT REPLACEMENT FUND
COMBINING BALANCE SHEET
SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)**

Assets	2014	2013
Current Assets		
Cash	\$ 509,551	\$ 98,925
Investments	-	-
Accrued Interest	-	-
Due from other funds	-	-
Total Current Assets	<u>509,551</u>	<u>98,925</u>
Fixed Assets		
Improvements	70,864	65,857
Equipment	5,071,598	3,085,983
Allowance on depreciation	(2,721,042)	(2,555,542)
Total Fixed Assets	<u>2,421,420</u>	<u>596,298</u>
Total Assets	<u><u>\$ 2,930,971</u></u>	<u><u>\$ 695,223</u></u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ -	\$ 11,635
Due to other funds	404,437	130,044
Current portion -long term debt	383,649	-
Total Current Liabilities	<u>788,086</u>	<u>141,679</u>
Long Term Debt		
Note Payable (net of Current Portion)	1,309,528	-
Total Long Term Debt	<u>1,309,528</u>	<u>-</u>
Total Liabilities	<u>2,097,614</u>	<u>141,679</u>
Net Position		
Contributed capital		
Retained earnings	833,357	553,544
Total Net Position	<u>833,357</u>	<u>553,544</u>
Total Liabilities and Net Position	<u><u>\$ 2,930,971</u></u>	<u><u>\$ 695,223</u></u>

**CITY OF WESLACO, TEXAS
EQUIPMENT REPLACEMENT FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2013)**

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Charges for Service		
Equipment leases	\$ -	\$ -
Total Operating Revenues	<u>-</u>	<u>-</u>
Operating Expenses		
Other services and charges	20,982	67,271
Health insurance premium	-	-
Total Operating Expenses	<u>20,982</u>	<u>67,271</u>
Operating Income Before Depreciation	(20,982)	(67,271)
Depreciation	(165,500)	(112,480)
Operating Income (Loss)	<u>(186,482)</u>	<u>(179,751)</u>
Non-Operating Revenues (Expenses)		
Interest earned	-	-
Interest expense	(33,705)	(7,152)
Realized gain or loss in investments	-	-
Operating transfers in	500,000	500,000
Operating transfers out	-	-
Total Non-operating Revenues	<u>466,295</u>	<u>492,848</u>
Net Income (Loss)	279,813	313,097
Net Position, October 1,	<u>553,544</u>	<u>240,447</u>
Net Position, September 30,	<u>\$ 833,357</u>	<u>\$ 553,544</u>

**CITY OF WESLACO, TEXAS
EQUIPMENT REPLACEMENT FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2013)**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Other operating cash receipts	\$ -	\$ -
Cash payments to suppliers for goods and services	-	-
	<u>(32,617)</u>	<u>(55,636)</u>
Net cash used provided by operating activities	<u>(32,617)</u>	<u>(55,636)</u>
Cash flow from non-capital financing activities:		
Acquisition of notes	1,975,184	-
Retirement of notes	(282,007)	-
Interest paid on notes	(33,705)	(7,152)
Transfers to other funds	(130,044)	(130,044)
Transfers from other funds	904,437	500,000
Acquisition and construction of capital assets	<u>(1,990,622)</u>	<u>(283,987)</u>
Total Cash Flow From Non-Capital Financing	<u>443,243</u>	<u>78,817</u>
Cash flow from investing activities:		
Interest on investments	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	410,626	23,181
*Cash at beginning of year	<u>98,925</u>	<u>75,744</u>
Cash at end of year	<u><u>\$ 509,551</u></u>	<u><u>\$ 98,925</u></u>

* Note: Cash includes cash in bank and investments.

FIDUCIARY FUND

FIDUCIARY FUND

Trust Funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

Pension Trust Fund

The Weslaco's Firemen's Relief and Retirement Fund – This fund administers a retirement plan for the employees of the Weslaco Fire Department. The fund is administered by a board elected by the firemen and the Mayor of the City serving as an appointed position designated by the trust instrument.

**PENSION TRUST
FUND**

**CITY OF WESLACO, TEXAS
FIREMEN'S RETIREMENT FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)**

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash	\$ 457,727	\$ 327,941
Investments	8,104,034	7,323,932
Accounts receivable (pension contributions)	1,192	1,192
Due from other funds	-	-
Due from individuals	-	-
	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 8,562,953</u></u>	<u><u>\$ 7,653,065</u></u>
 Liabilities and Net Position		
Liabilities		
Accounts payable	\$ 44,657	\$ 34,010
Due to other governments	-	-
Due to other funds	-	-
	<u> </u>	<u> </u>
Total Liabilities	<u>44,657</u>	<u>34,010</u>
 Net Position		
Restricted	8,518,296	7,619,055
Unreserved	-	-
Unrestricted	-	-
	<u> </u>	<u> </u>
Total Net Position	<u><u>8,518,296</u></u>	<u><u>7,619,055</u></u>
 Total Liabilities and Net Position	<u><u>\$ 8,562,953</u></u>	<u><u>\$ 7,653,065</u></u>

**CITY OF WESLACO, TEXAS
FIREMEN'S RETIREMENT FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2013)**

	<u>2014</u>	<u>2013</u>
Operating revenues		
Charges for services	\$ 638,371	\$ 646,154
Operating expenses		
Other charges and services	<u>519,524</u>	<u>406,535</u>
Operating income (loss) before Non-operating Revenues	<u>118,847</u>	<u>239,619</u>
Non-operating Revenues		
Interest earned	36,679	57,208
Miscellaneous income	-	-
Dividends	113,470	201,847
(Loss) or gain on realized appreciation	<u>630,245</u>	<u>228,407</u>
Total Non-Operating Revenues	<u>780,394</u>	<u>487,462</u>
Net Income (loss) Before Transfers	899,241	727,081
Transfers		
Transfers in (out)	<u>-</u>	<u>-</u>
Changes in Net Position	899,241	727,081
Net Position, October 1,	<u>7,619,055</u>	<u>6,891,974</u>
Net Position, September 30,	<u><u>\$ 8,518,296</u></u>	<u><u>\$ 7,619,055</u></u>

**CITY OF WESLACO, TEXAS
FIREMEN'S RETIREMENT FUND
COMPARATIVE STATEMENT OF CASH FLOW
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Operating income (loss)	\$ 118,847	\$ 239,619
Adjustments to reconcile operating income to net cash provided by operating activities:		
Net Change in investments (increase) decrease:	(780,102)	(835,922)
Decrease (increase) in due to pension receivable	-	-
Increase (decrease) in due from other funds	-	-
Increase (decrease) in accounts payable	10,647	7,474
(Increase) decrease in due to others	-	-
Net cash provided by operating activities	<u>(650,608)</u>	<u>(588,829)</u>
Cash flows from investing activities:		
Purchase of mutual fund securities	-	-
Interest on investments	36,679	57,208
Dividends	113,470	201,847
Miscellaneous income	-	-
Gain (Loss) on Realized Appreciation	630,245	228,407
Net cash (used) provided by investing activities	<u>780,394</u>	<u>487,462</u>
Net increase (decrease) in cash	129,786	(101,367)
Cash, beginning of year	<u>327,941</u>	<u>429,308</u>
*Cash, end of year	<u><u>\$ 457,727</u></u>	<u><u>\$ 327,941</u></u>

* Cash - This reflects cash in the operating account.

GENERAL FIXED ASSETS ACCOUNT GROUP

This account group is established to account for the fixed assets owned by the City exclusive of those relating to Enterprise Fund operations. Expenditure transactions to acquire general fixed assets occur in the General, Special Revenue, and Capital Projects Funds.

CITY OF WESLACO, TEXAS
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
General Fixed Assets		
Land	\$ 3,945,414	\$ 3,945,414
Buildings	19,553,104	19,151,359
Improvements other than buildings	45,459,106	44,624,795
Machinery & equipment	13,130,080	9,985,093
Total General Fixed Assets	<u><u>\$ 82,087,704</u></u>	<u><u>\$ 77,706,661</u></u>
 Investment in General Fixed Assets From		
Capital Projects Funds		
Miscellaneous	\$ 1,396,299	\$ 1,396,299
General obligation bonds	17,525,771	17,525,771
Certification of obligation	23,678,211	22,001,900
Federal grants	3,457,845	3,457,845
State grants	1,438,667	1,438,667
General Fund	12,811,860	12,506,057
Special Revenue Fund	11,715,333	11,291,588
Special Assessments	459,227	459,227
Note payable	1,975,184	-
380 Agreements	7,629,307	7,629,307
Total Investment in General Fixed Assets	<u><u>\$ 82,087,704</u></u>	<u><u>\$ 77,706,661</u></u>

CITY OF WESLACO, TEXAS
SCHEDULE OF GENERAL FIXED ASSETS-BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2014

Function & Activity	Total	Land	Buildings	Improv. Other than Buildings	Machinery and Equipment
General Government					
Control:					
Legislative	\$ 4,348,871	\$ -	\$ 4,310,782	\$ -	\$ 38,089
Executive	38,471	-	-	1,090	37,381
City secretary	106,872	-	-	-	106,872
Judicial	88,022	-	-	1,530	86,492
Total Control	4,582,236	-	4,310,782	2,620	268,834
Staff Agencies:					
Finance	241,303	-	156,675	15,515	69,113
Information Technology	809,713	-	259,292	-	550,421
Data Planning	140,575	-	-	-	140,575
Purchasing	23,014	-	-	-	23,014
Building maintenance	7,492,993	1,387,150	5,007,264	867,114	231,465
Total Agencies	8,707,598	1,387,150	5,423,231	882,629	1,014,588
Total General Government	13,289,834	1,387,150	9,734,013	885,249	1,283,422
Public Safety					
Police protection	3,234,593	-	629,757	189,094	2,415,742
Fire protection	4,155,442	-	1,328,732	5,575	2,821,135
Civil defense	-	-	-	-	-
Risk management	617,012	-	-	16,828	600,184
Parking control	292	-	-	-	292
Protective inspection	55,722	-	-	-	55,722
Traffic safety	77,164	19,108	-	9,846	48,210
Emergency medical Services	1,335,464	-	-	-	1,335,464
Total Public Safety	9,475,689	19,108	1,958,489	221,343	7,276,749
Public Works					
Administration	735,251	-	573,641	120,752	40,858
Streets, drainage & sidewalks	31,516,098	361,566	419,421	29,015,872	1,719,239
380 Agreement investment	7,629,307	-	-	7,629,307	-
Total Public Works	39,880,656	361,566	993,062	36,765,931	1,760,097
Other					
Health	65,772	-	58,934	-	6,838
Library	3,740,480	3,900	1,748,951	515,882	1,471,747
Community recreations	10,549,865	1,520,730	2,377,175	5,488,388	1,163,572
Cemetery	356,954	18,796	-	338,158	-
Economic development	3,657,530	622,769	2,682,480	184,626	167,655
Capital lease equipment	-	-	-	-	-
Miscellaneous	309,272	11,395	-	297,877	-
Construction-in-progress	761,652	-	-	761,652	-
Total Other	19,441,525	2,177,590	6,867,540	7,586,583	2,809,812
Total General Fixed Assets	\$ 82,087,704	\$ 3,945,414	\$ 19,553,104	\$ 45,459,106	\$ 13,130,080

CITY OF WESLACO, TEXAS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Function & Activity	General Fixed Assets 10/1/13	Additions	Deductions	General Fixed Assets 9/30/14
General Government				
Control:				
Legislative	\$ 4,348,871	\$ -	\$ -	\$ 4,348,871
Executive	38,471	-	-	38,471
City secretary	43,859	63,013	-	106,872
Judicial	88,022	-	-	88,022
Total Control	4,519,223	63,013	-	4,582,236
Staff Agencies:				
Finance	239,503	1,800	-	241,303
Information Technology	568,561	241,152	-	809,713
Planning	37,550	103,025	-	140,575
Purchasing	23,014	-	-	23,014
Building maintenance	7,442,963	50,030	-	7,492,993
Total Agencies	8,311,591	396,007	-	8,707,598
Total General Government	12,830,814	459,020	-	13,289,834
Public Safety				
Police protection	2,623,317	611,276	-	3,234,593
Fire protection	4,105,442	50,000	-	4,155,442
Risk management	617,012	-	-	617,012
Parking control	292	-	-	292
Protective inspection	55,722	-	-	55,722
Traffic safety	62,664	14,500	-	77,164
Emergency medical services	1,098,787	236,677	-	1,335,464
Total Public Safety	8,563,236	912,453	-	9,475,689
Public Works				
Administration	735,251	-	-	735,251
Streets, drainage & sidewalks	30,392,786	1,123,312	-	31,516,098
380 Agreement infrastructure	7,629,307	-	-	7,629,307
Total Public Works	38,757,344	1,123,312	-	39,880,656
Other				
Health	65,772	-	-	65,772
Library	3,616,200	124,280	-	3,740,480
Community recreation	9,571,539	978,326	-	10,549,865
Cemetery	356,954	-	-	356,954
Economic development	3,635,530	22,000	-	3,657,530
Capital lease equipment	-	-	-	-
Miscellaneous	309,272	-	-	309,272
Construction-in-progress	-	761,652	-	761,652
Total Other	17,555,267	1,886,258	-	19,441,525
Total General Fixed Assets	\$ 77,706,661	\$ 4,381,043	\$ -	\$ 82,087,704

SUPPLEMENTAL STATEMENTS AND SCHEDULES

CITY OF WESLACO, TEXAS
SCHEDULE OF TAXES RECEIVABLE -BY FUNDS
AT SEPTEMBER 30, 2014

Year	Total	General Fund		I & S Fund	
		%	Amount	%	Amount
2004 & Prior	\$ 324,608	Various	\$ 196,480	Various	\$ 128,128
2005	66,974	72.41%	48,496	29.05%	18,478
2006	81,634	73.96%	60,377	27.59%	21,257
2007	88,304	74.78%	66,034	26.04%	22,270
2008	107,257	73.95%	79,317	25.22%	27,940
2009	114,026	72.47%	82,635	26.05%	31,391
2010	142,054	72.33%	102,748	27.53%	39,306
2011	171,954	72.00%	123,807	27.67%	48,147
2012	224,353	72.90%	163,553	28.00%	60,800
2013	404,489	72.90%	294,872	27.10%	109,617
	<u>1,725,653</u>		<u>1,218,318</u>		<u>507,335</u>
Less					
Allowances for uncollectible	<u>(450,869)</u>		<u>(320,520)</u>		<u>(130,349)</u>
Net Amount	<u>\$ 1,274,784</u>		<u>\$ 897,798</u>		<u>\$ 376,986</u>

**CITY OF WESLACO, TEXAS
ANALYSIS OF TAX COLLECTIONS, ADJUSTMENTS,
AND ALLOCATION TO FUNDS
OCTOBER 1, 2013 TO SEPTEMBER 30, 2014**

TAX COLLECTIONS AND ADJUSTMENTS

Year	Uncollected 10/1/13	Current Assessments & Correction	Collections	Adjustments	Uncollected 9/30/14
2004 & Prior	\$ 362,827	\$ -	\$ 24,383	\$ (13,836)	\$ 324,608
2005	77,210	-	7,201	(3,035)	66,974
2006	92,773	-	8,066	(3,073)	81,634
2007	101,993	-	10,707	(2,982)	88,304
2008	140,375	-	24,158	(8,960)	107,257
2009	163,637	-	33,358	(16,253)	114,026
2010	204,646	-	52,217	(10,375)	142,054
2011	253,313	-	69,465	(11,894)	171,954
2012	452,257	-	181,249	(46,655)	224,353
2013	-	9,667,300	9,119,003	(143,808)	404,489
Total	<u>\$ 1,849,031</u>	<u>\$ 9,667,300</u>	<u>\$ 9,529,807</u>	<u>\$ (260,871)</u>	<u>\$ 1,725,653</u>

ALLOCATION TO FUNDS

Year	Collections	General Fund		I & S Fund	
		%	\$	%	\$
2004 & Prior	\$ 24,383	Various	\$ 15,236	Various	\$ 9,147
2005	7,201	70.95%	5,109	29.05%	2,092
2006	8,066	72.41%	5,841	27.59%	2,225
2007	10,707	73.96%	7,919	26.04%	2,788
2008	24,158	74.78%	18,065	25.22%	6,093
2009	33,358	73.95%	24,668	26.05%	8,690
2010	52,217	72.47%	37,842	27.53%	14,375
2011	69,465	72.33%	50,244	27.67%	19,221
2012	181,249	72.00%	130,499	28.00%	50,750
2013	9,119,003	72.90%	6,647,753	27.10%	2,471,250
Total	<u>\$ 9,529,807</u>		<u>\$ 6,943,176</u>		<u>\$ 2,586,631</u>

BONDED DEBT REQUIREMENTS

**CITY OF WESLACO, TEXAS
SCHEDULE OF CHANGES IN BONDED DEBT
OCTOBER 1, 2013 TO SEPTEMBER 30, 2014**

Description	Date Issued	Original Amount Issued	Bonds Outstanding 10/1/2013
<u>GENERAL BONDS PAYABLE SERIALY</u>			
General Obligation Refunding Bonds, Series 2002	10/10/2002	\$ 5,030,400	\$ 208,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	6,105,000	5,480,000
General Obligation Refinancing Bond, Series 2010 (Target Savings)	12/6/2010	4,064,918	2,856,790
Limited Tax Refunding Bonds, Series 2012	12/20/2012	11,915,000	11,575,000
Tax and Revenue Certificates of Obligation, Series 2013	9/19/2013	6,750,000	6,750,000
Total General Bonds Payable Serially			<u>26,869,790</u>
<u>REVENUE BONDS PAYABLE SERIALY</u>			
General Obligation Refunding Bonds, Series 2002	10/10/2002	2,829,600	117,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	21,710,000	20,395,000
General Obligation Refinancing Bond Series 2010, (Target Savings)	12/6/2010	1,075,082	753,768
Waterworks and Sewer System Revenue Refunding Bond, Series 2010	12/6/2010	2,845,000	2,090,000
Tax Notes, Series 2011	12/28/2011	8,500,000	8,040,000
Tax and Revenue Certificates of Obligation, Series 2012	1/15/2012	24,335,000	24,335,000
Tax and Revenue Certificate of Obligation Note, Series 2014	3/1/2014	9,075,000	-
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	360,000	60,000
Total Revenue Bonds Payable Serially			<u>55,790,768</u>
<u>ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS</u>			
Series 2011A	6/2/2011	1,090,000	1,090,000
Series 2011B	6/2/2011	1,290,000	1,290,000
Series 2012	8/21/2012	1,155,000	1,155,000
Series 2012 (Refunding)	12/20/2012	2,870,000	2,620,000
Total Economic Development Sales Tax			<u>6,155,000</u>
<u>TOTAL ALL BONDS PAYABLE SERIALY</u>			<u>\$ 88,815,558</u>

- (1) Wachovia Bank, Houston, Texas
- (2) Compass Bank, McAllen, Texas
- (3) Bank of Texas, McAllen, Texas
- (4) Frost Bank, Weslaco, Texas
- (5) US Bank, Houston, Texas

CITY OF WESLACO, TEXAS
SCHEDULE OF CHANGES IN BONDED DEBT
OCTOBER 1, 2013 TO SEPTEMBER 30, 2014

Issued/ Adjusted	Retired	Bonds Outstanding 9/30/2014	Interest Rates	Optional Date	Principal Date	Agent
\$ -	\$ 208,000	\$ -	Various	None	15-Feb	(2)
-	285,000	5,195,000	Various	None	15-Feb	(2)
-	387,688	2,469,102	3.10%	None	1-Feb	(2)
-	980,000	10,595,000	Various	None	15-Feb	(5)
-	115,000	6,635,000	Various	None	15-Feb	(5)
-	1,975,688	24,894,102				
-	117,000	-	Various	None	15-Feb	(2)
-	405,000	19,990,000	Various	None	15-Feb	(2)
-	102,312	651,456	3.10%	None	1-Feb	(2)
-	390,000	1,700,000	3.19%	None	1-Dec	(2)
-	305,000	7,735,000	2.75%	None	15-Feb	(3)
-	-	24,335,000	Various	None	15-Feb	(4)
9,075,000	-	9,075,000	Various	None	15-Feb	(5)
-	60,000	-	Various	None	15-Feb	(2)
9,075,000	1,379,312	63,486,456				
-	260,000	830,000	Various	None	15-Feb	(2)
-	-	1,290,000	4.47%	None	15-Feb	(2)
-	100,000	1,055,000	4.47%	None	15-Feb	(2)
-	225,000	2,395,000	3.40%	None	15-Feb	(5)
-	585,000	5,570,000				
\$ 9,075,000	\$ 3,940,000	\$ 93,950,558				

CITY OF WESLACO, TEXAS
SUMMARY OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY
AT SEPTEMBER 30, 2014

Fiscal Year Ending	Governmental-Activities			
	General Obligation Bonds, Certificates of Obligation Bonds, and Tax Refunding Bonds		Sales Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
30-Sep				
2015	\$ 1,777,852	\$ 877,839	\$ 605,000	\$ 184,187
2016	1,844,720	820,679	630,000	161,110
2017	1,899,500	760,287	655,000	137,116
2018	1,960,324	696,062	675,000	113,204
2019	2,026,706	627,928	690,000	89,566
2020	2,090,000	562,492	720,000	65,139
2021	2,150,000	499,537	740,000	39,847
2022	2,210,000	439,237	420,000	20,390
2023	2,290,000	364,650	435,000	6,875
2024	835,000	304,325	-	-
2025	880,000	265,750	-	-
2026	920,000	225,125	-	-
2027	960,000	182,650	-	-
2028	450,000	147,900	-	-
2029	470,000	127,650	-	-
2030	495,000	106,500	-	-
2031	520,000	81,750	-	-
2032	545,000	55,750	-	-
2033	570,000	28,500	-	-
2034	-	-	-	-
Total	<u>\$ 24,894,102</u>	<u>\$ 7,174,611</u>	<u>\$ 5,570,000</u>	<u>\$ 817,434</u>

Business-Type Activities				
General Obligation Bonds, Certificates of Obligation Bonds, and Tax Notes		Total Requirements		
Principal	Interest	Principal	Interest	Total Debt Service
\$ 2,482,148	\$ 2,848,970	\$ 4,865,000	\$ 3,910,996	\$ 8,775,996
3,075,280	2,616,089	5,550,000	3,597,878	9,147,878
3,580,500	2,516,824	6,135,000	3,414,227	9,549,227
4,064,676	2,398,135	6,700,000	3,207,401	9,907,401
2,948,852	2,255,502	5,665,558	2,972,996	8,638,554
3,070,000	2,137,295	5,880,000	2,764,926	8,644,926
3,185,000	2,016,830	6,075,000	2,556,214	8,631,214
3,310,000	1,888,483	5,940,000	2,348,110	8,288,110
3,450,000	1,751,633	6,175,000	2,123,158	8,298,158
3,590,000	1,608,658	4,425,000	1,912,983	6,337,983
3,770,000	1,427,333	4,650,000	1,693,083	6,343,083
3,970,000	1,237,008	4,890,000	1,462,133	6,352,133
4,175,000	1,036,658	5,135,000	1,219,308	6,354,308
2,930,000	885,658	3,380,000	1,033,558	4,413,558
3,075,000	744,332	3,545,000	871,982	4,416,982
3,230,000	596,008	3,725,000	702,508	4,427,508
3,380,000	440,208	3,900,000	521,958	4,421,958
3,550,000	277,132	4,095,000	332,882	4,427,882
1,295,000	126,026	1,865,000	154,526	2,019,526
1,355,000	67,750	1,355,000	67,750	1,422,750
<u>\$ 63,486,456</u>	<u>\$ 28,876,532</u>	<u>\$ 93,950,558</u>	<u>\$ 36,868,577</u>	<u>\$ 130,819,135</u>

CITY OF WESLACO, TEXAS
TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2007
AS OF SEPTEMBER 30, 2014

Fiscal Year	Interest Rate	Interest Payments		Principal Due	Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2014		\$ -	\$ -	\$ -	\$ 5,195,000
2015	4.125%	125,749	119,665	295,000	4,900,000
2016	4.125%	119,665	113,271	310,000	4,590,000
2017	4.250%	113,271	106,471	320,000	4,270,000
2018	5.250%	106,471	97,546	340,000	3,930,000
2019	5.250%	97,546	88,227	355,000	3,575,000
2020	4.700%	88,227	79,415	375,000	3,200,000
2021	4.700%	79,415	70,250	390,000	2,810,000
2022	5.000%	70,250	60,000	410,000	2,400,000
2023	5.000%	60,000	49,250	430,000	1,970,000
2024	5.000%	49,250	37,875	455,000	1,515,000
2025	5.000%	37,875	25,875	480,000	1,035,000
2026	5.000%	25,875	13,250	505,000	530,000
2027	5.000%	13,250	-	530,000	-
Total		<u>\$ 986,844</u>	<u>\$ 861,095</u>	<u>\$ 5,195,000</u>	

**CITY OF WESLACO, TEXAS
GENERAL OBLIGATION REFUNDING BONDS SERIES 2010
(TARGET SAVINGS)
AS OF SEPTEMBER 30, 2014**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2014		\$ -	\$ -	\$ -	\$ 2,469,102
2015	3.100%	38,262	31,088	462,852	2,006,250
2016	3.100%	31,088	23,730	474,720	1,531,530
2017	3.100%	23,730	16,065	494,500	1,037,030
2018	3.100%	16,065	8,155	510,324	526,706
2019	3.100%	8,155	-	526,706	-
Total		<u>\$ 117,300</u>	<u>\$ 79,038</u>	<u>\$ 2,469,102</u>	

**CITY OF WESLACO, TEXAS
LIMITED TAX REFUNDING BONDS, SERIES 2012
AS OF SEPTEMBER 30, 2014**

Fiscal Year	Interest Rate	Interest Payments		Principal Due	Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2014		\$ -	\$ -	\$ -	\$ 10,595,000
2015	3.000%	149,063	135,112	930,000	9,665,000
2016	3.000%	135,112	120,713	960,000	8,705,000
2017	3.000%	120,713	105,937	985,000	7,720,000
2018	3.000%	105,937	90,788	1,010,000	6,710,000
2019	3.000%	90,788	75,112	1,045,000	5,665,000
2020	3.000%	75,112	54,638	1,365,000	4,300,000
2021	2.000%	54,635	40,637	1,400,000	2,900,000
2022	2.250%	40,637	24,550	1,430,000	1,470,000
2023	2.250%	<u>24,550</u>	<u>-</u>	<u>1,470,000</u>	-
Total		<u>\$ 796,547</u>	<u>\$ 647,487</u>	<u>\$ 10,595,000</u>	

CITY OF WESLACO, TEXAS
TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2013
AS OF SEPTEMBER 30, 2014

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2014		\$ -	\$ -	\$ -	\$ 6,635,000
2015	2.000%	139,450	139,450	90,000	6,545,000
2016	3.000%	138,550	138,550	100,000	6,445,000
2017	3.000%	137,050	137,050	100,000	6,345,000
2018	3.000%	135,550	135,550	100,000	6,245,000
2019	3.000%	134,050	134,050	100,000	6,145,000
2020	3.000%	132,550	132,550	350,000	5,795,000
2021	3.000%	127,300	127,300	360,000	5,435,000
2022	3.500%	121,900	121,900	370,000	5,065,000
2023	3.500%	115,425	115,425	390,000	4,675,000
2024	4.000%	108,600	108,600	380,000	4,295,000
2025	4.000%	101,000	101,000	400,000	3,895,000
2026	4.000%	93,000	93,000	415,000	3,480,000
2027	5.000%	84,700	84,700	430,000	3,050,000
2028	4.500%	73,950	73,950	450,000	2,600,000
2029	4.500%	63,825	63,825	470,000	2,130,000
2030	5.000%	53,250	53,250	495,000	1,635,000
2031	5.000%	40,875	40,875	520,000	1,115,000
2032	5.000%	27,875	27,875	545,000	570,000
2033	5.000%	14,250	14,250	570,000	-
Total		<u>\$ 1,843,150</u>	<u>\$ 1,843,150</u>	<u>\$ 6,635,000</u>	

CITY OF WESLACO, TEXAS
TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2007
AS OF SEPTEMBER 30, 2014

Fiscal Year	Interest Rate	Interest Payments		Principal Due	Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2014		\$ -	\$ -	\$ -	\$ 19,990,000
2015	4.125%	487,724	472,049	760,000	19,230,000
2016	4.125%	472,049	455,653	795,000	18,435,000
2017	4.250%	455,653	438,015	830,000	17,605,000
2018	5.250%	438,015	415,178	870,000	16,735,000
2019	5.250%	415,178	378,690	1,390,000	15,345,000
2020	4.700%	378,690	340,973	1,605,000	13,740,000
2021	4.700%	340,973	301,375	1,685,000	12,055,000
2022	5.000%	301,375	257,250	1,765,000	10,290,000
2023	5.000%	257,250	210,875	1,855,000	8,435,000
2024	5.000%	210,875	162,125	1,950,000	6,485,000
2025	5.000%	162,125	110,750	2,055,000	4,430,000
2026	5.000%	110,750	56,750	2,160,000	2,270,000
2027	5.000%	56,750	-	2,270,000	
Total		<u>\$ 4,087,407</u>	<u>\$ 3,599,683</u>	<u>\$ 19,990,000</u>	

**CITY OF WESLACO, TEXAS
GENERAL OBLIGATION REFINANCING BONDS SERIES 2010
(TARGET SAVINGS)
AS OF SEPTEMBER 30, 2014**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2014		\$ -	\$ -	\$ -	\$ 651,456
2015	3.100%	10,098	8,205	122,148	529,308
2016	3.100%	8,205	6,262	125,280	404,028
2017	3.100%	6,263	4,240	130,500	273,528
2018	3.100%	4,240	2,152	134,676	138,852
2019	3.100%	2,152	-	138,852	-
Total		<u>\$ 30,958</u>	<u>\$ 20,859</u>	<u>\$ 651,456</u>	

CITY OF WESLACO, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2010
AS OF SEPTEMBER 30, 2014

Fiscal Year	Interest Rate	Interest Payment		Principal Due 1-Dec	Outstanding 30-Sep
		1-Dec	1-Jun		
2014		\$ -	\$ -	\$ -	\$ 1,700,000
2015	3.190%	27,115	20,575	410,000	1,290,000
2016	3.190%	20,575	13,876	420,000	870,000
2017	3.190%	13,877	7,018	430,000	440,000
2018	3.190%	7,018	-	440,000	-
Total		<u>\$ 68,585</u>	<u>\$ 41,469</u>	<u>\$ 1,700,000</u>	

**CITY OF WESLACO, TEXAS
TAX NOTES, SERIES 2011
AS OF SEPTEMBER 30, 2014**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2014		\$ -	\$ -	\$ -	\$ 7,735,000
2015	2.750%	106,356	106,356	1,190,000	6,545,000
2016	2.750%	89,994	89,993	1,735,000	4,810,000
2017	2.750%	66,138	66,138	2,190,000	2,620,000
2019	2.750%	36,025	36,025	2,620,000	-
Total		<u>\$ 298,513</u>	<u>\$ 298,512</u>	<u>\$ 7,735,000</u>	

CITY OF WESLACO, TEXAS
TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2012
AS OF SEPTEMBER 30, 2014

Fiscal Year	Interest Rate	Interest Payments		Principal Due	Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2014		\$ -	\$ -	\$ -	\$ 24,335,000
2015	3.000%	526,891	526,891	-	24,335,000
2016	3.000%	526,891	526,891	-	24,335,000
2017	3.000%	526,891	526,891	-	24,335,000
2018	3.000%	526,891	526,891	-	24,335,000
2019	3.000%	526,891	526,891	1,345,000	22,990,000
2020	3.000%	506,716	506,716	1,385,000	21,605,000
2021	3.000%	485,941	485,941	1,425,000	20,180,000
2022	3.000%	464,566	464,566	1,470,000	18,710,000
2023	3.000%	442,516	442,516	1,515,000	17,195,000
2024	5.000%	419,791	419,791	1,560,000	15,635,000
2025	5.000%	380,791	380,791	1,635,000	14,000,000
2026	5.000%	339,916	339,916	1,720,000	12,280,000
2027	5.000%	296,916	296,916	1,805,000	10,475,000
2028	5.000%	251,791	251,791	1,895,000	8,580,000
2029	5.000%	204,416	204,416	1,990,000	6,590,000
2030	5.000%	154,666	154,666	2,090,000	4,500,000
2031	5.000%	102,416	102,416	2,195,000	2,305,000
2032	4.125%	<u>47,541</u>	<u>47,541</u>	<u>2,305,000</u>	-
Total		<u>\$ 6,732,438</u>	<u>\$ 6,732,438</u>	<u>\$ 24,335,000</u>	

CITY OF WESLACO, TEXAS
TAX AND REVENUE CERTIFICATE NOTE, SERIES 2014
AS OF SEPTEMBER 30, 2014

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2014		\$ -	\$ -	\$ -	\$ 9,075,000
2015	4.500%	278,355	278,355	-	9,075,000
2016	4.500%	202,850	202,850	-	9,075,000
2017	4.500%	202,850	202,850	-	9,075,000
2018	4.500%	202,850	202,850	-	9,075,000
2019	4.500%	202,850	202,850	75,000	9,000,000
2020	4.500%	202,100	202,100	80,000	8,920,000
2021	4.500%	201,300	201,300	75,000	8,845,000
2022	4.500%	200,363	200,363	75,000	8,770,000
2023	4.500%	199,238	199,238	80,000	8,690,000
2024	4.500%	198,038	198,038	80,000	8,610,000
2025	4.500%	196,438	196,438	80,000	8,530,000
2026	4.500%	194,838	194,838	90,000	8,440,000
2027	4.500%	193,038	193,038	100,000	8,340,000
2028	4.500%	191,038	191,038	1,035,000	7,305,000
2029	4.500%	167,750	167,750	1,085,000	6,220,000
2030	4.500%	143,338	143,338	1,140,000	5,080,000
2031	4.500%	117,688	117,688	1,185,000	3,895,000
2032	4.500%	91,025	91,025	1,245,000	2,650,000
2033	4.500%	63,013	63,013	1,295,000	1,355,000
2034	4.500%	<u>33,875</u>	<u>33,875</u>	<u>1,355,000</u>	
Total		<u>\$ 3,482,835</u>	<u>\$ 3,482,835</u>	<u>\$ 9,075,000</u>	

CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT SALES TAX REVENUE REFUNDING BONDS
SERIES 2011A
AS OF SEPTEMBER 30, 2014

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2014		\$ -	\$ -	\$ -	\$ 830,000
2015	4.470%	18,550	12,516	270,000	560,000
2016	4.470%	12,516	6,258	280,000	280,000
2017	4.470%	6,258	-	280,000	-
		<u>\$ 37,324</u>	<u>\$ 18,774</u>	<u>\$ 830,000</u>	

CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS
SERIES 2011B
AS OF SEPTEMBER 30, 2014

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2014		\$ -	\$ -	\$ -	1,290,000
2015	3.840%	24,768	24,768	-	1,290,000
2016	3.840%	24,768	24,768	-	1,290,000
2017	3.840%	24,768	24,480	15,000	1,275,000
2018	3.840%	24,480	18,624	305,000	970,000
2019	3.840%	18,624	12,672	310,000	660,000
2020	3.840%	12,672	6,432	325,000	335,000
2021	3.840%	6,432	-	335,000	-
		<u>\$ 136,512</u>	<u>\$ 111,744</u>	<u>\$ 1,290,000</u>	

CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS
SERIES 2012
AS OF SEPTEMBER 30, 2014

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2014		\$ -	\$ -	\$ -	\$ 1,055,000
2015	2.60%	13,715	12,350	105,000	950,000
2016	2.60%	12,350	10,920	110,000	840,000
2017	2.60%	10,920	9,490	110,000	730,000
2018	2.60%	9,490	7,995	115,000	615,000
2019	2.60%	7,995	6,500	115,000	500,000
2020	2.60%	6,500	4,940	120,000	380,000
2021	2.60%	4,940	3,315	125,000	255,000
2022	2.60%	3,315	1,690	125,000	130,000
2023	2.60%	1,690	-	130,000	-
		<u>\$ 70,915</u>	<u>\$ 57,200</u>	<u>\$ 1,055,000</u>	

CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT SALES TAX REVENUE REFUNDING BONDS
SERIES 2013
AS OF SEPTEMBER 30, 2013

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2014		\$ -	\$ -	\$ -	\$ 2,395,000
2015	3.40%	40,715	36,805	230,000	2,165,000
2016	3.40%	36,805	32,725	240,000	1,925,000
2017	4.38%	32,725	28,475	250,000	1,675,000
2018	3.40%	28,475	24,140	255,000	1,420,000
2019	3.40%	24,140	19,635	265,000	1,155,000
2020	3.40%	19,635	14,960	275,000	880,000
2021	3.40%	14,960	10,200	280,000	600,000
2022	3.40%	10,200	5,185	295,000	305,000
2023	3.40%	5,185	-	305,000	-
		<u>\$ 212,840</u>	<u>\$ 172,125</u>	<u>\$ 2,395,000</u>	

**CITY OF WESLACO, TEXAS
AS OF SEPTEMBER 30, 2014**

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PART III
STATISTICAL SECTION

CITY OF WESLACO, TEXAS
NET POSITION BY COMPONENT
LAST FIVE FISCAL YEARS
(Accrual Basis of Accounting)

Table I

	2010	2011	2012	2013	2014
Governmental activities					
Invested in capital assets	\$ 12,006,633	\$ 14,042,568	\$ 13,564,135	\$ 6,236,897	\$ 11,915,869
Restricted	6,455,866	6,259,134	5,760,438	13,059,262	11,967,344
Unrestricted	1,591,672	1,330,224	4,806,131	9,294,414	8,729,539
Total governmental activities net position	<u>\$ 20,054,171</u>	<u>\$ 21,631,926</u>	<u>\$ 24,130,704</u>	<u>\$ 28,590,573</u>	<u>\$ 32,612,752</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 21,631,773	\$ 25,204,572	\$ (1,310,318)	\$ 12,912,376	\$ 20,858,502
Restricted	4,875,514	1,054,121	27,959,653	19,656,819	11,922,468
Unrestricted	1,479,750	2,533,841	5,769,530	3,095,455	6,094,798
Total business-type activities net position	<u>\$ 27,987,037</u>	<u>\$ 28,792,534</u>	<u>\$ 32,418,865</u>	<u>\$ 35,664,650</u>	<u>\$ 38,875,768</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 33,638,406	\$ 39,247,140	\$ 12,253,817	\$ 19,149,273	\$ 32,774,371
Restricted	11,331,380	7,313,255	33,720,091	32,716,081	23,889,812
Unrestricted	3,071,422	3,864,065	10,575,661	12,391,770	14,824,337
Total primary government net position	<u>\$ 48,041,208</u>	<u>\$ 50,424,460</u>	<u>\$ 56,549,569</u>	<u>\$ 64,257,124</u>	<u>\$ 71,488,520</u>

Note: The City of Weslaco began to report accrual information when it implemented GASB 34 in fiscal year 2003.

CITY OF WESLACO, TEXAS
CHANGES IN NET POSITION
LAST FIVE FISCAL YEARS
(Accrual Basis of Accounting)

Table II

	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	\$ 4,307,902	\$ 4,426,526	\$ 4,079,035	\$ 4,077,130	\$ 4,699,927
Public safety	12,676,095	11,562,667	10,195,023	10,714,272	10,563,302
Emergency medical service	343,818	398,347	462,305	332,102	269,969
Health	132,612	104,426	88,459	90,067	-
Public works	1,870,276	2,669,907	2,626,866	3,039,309	3,056,584
Culture and recreation	2,486,171	1,144,997	1,693,692	1,692,154	1,660,311
Development services	3,358,829	3,101,439	3,256,023	3,364,499	2,724,236
Interest on long-term debt	1,478,830	1,452,443	2,326,416	1,187,398	1,182,183
Total governmental activities expenses	26,654,533	24,860,752	24,727,819	24,496,931	24,156,512
Business-type activities:					
Water and Wastewater	7,433,263	7,768,721	9,054,734	9,435,022	8,742,284
Solid Waste	3,517,000	3,863,097	4,047,757	4,044,683	4,118,328
Airport	532,828	532,689	505,452	507,619	542,634
Total business-type activities expenses	11,483,091	12,164,507	13,607,943	13,987,324	13,403,246
Total primary government expenses	\$ 38,137,624	\$ 37,025,259	\$ 38,335,762	\$ 38,484,255	\$ 37,559,758
Program Revenues					
Governmental activities:					
Fees, fines, and charges for services:					
General government	\$ 370,890	\$ 363,068	\$ 381,323	\$ 405,601	\$ 588,302
Public Safety	933,006	695,632	919,126	842,122	748,737
Emergency medical services	976,166	948,437	976,167	1,223,157	1,250,542
Other activities	372,935	260,053	399,142	394,360	155,378
Operating grants and contributions	-	-	16,179	99,359	233,899
Capital grants and contributions	702,133	500,163	724,994	454,010	463,568
Total governmental activities program revenues	3,355,130	2,767,353	3,416,931	3,418,609	3,440,426
Business-type activities:					
Charges for services:					
Water and Wastewater	8,719,988	9,411,060	11,034,905	12,160,485	11,744,692
Solid Waste	4,215,582	4,127,015	4,646,565	4,752,518	4,860,177
Airport	186,184	111,261	110,894	156,302	207,034
Operating grants and contributions	8,098	-	-	-	-
Capital grants and contributions	80,875	154,017	2,424,601	664,218	481,853
Total business-type activities program revenues	13,210,727	13,803,353	18,216,965	17,733,523	17,293,756
Total primary government program revenues	\$ 16,565,857	\$ 16,570,706	\$ 21,633,896	\$ 21,152,132	\$ 20,734,182
Net (Expense)/Revenue					
Governmental activities	\$ (23,299,403)	\$ (22,093,399)	\$ (21,310,888)	\$ (21,078,322)	\$ (20,716,086)
Business-type activities	1,727,636	1,638,846	4,609,022	3,746,199	3,890,510
Total primary government net expense	\$ (21,571,767)	\$ (20,454,553)	\$ (16,701,866)	\$ (17,332,123)	\$ (16,825,576)

CITY OF WESLACO, TEXAS
CHANGES IN NET POSITION
LAST FIVE FISCAL YEARS
(Accrual Basis of Accounting)

Table III

GENERAL REVENUES AND OTHER CHANGES IN NET POSITION

	2010	2011	2012	2013	2014
Governmental activities:					
Taxes:					
Ad valorem	\$ 9,729,729	\$ 9,632,751	\$ 9,710,670	\$ 9,823,287	\$ 9,767,217
Sales	9,218,352	9,864,624	10,578,320	11,182,267	11,441,937
Occupancy	359,421	358,390	336,419	382,934	419,960
Other	71,255	71,488	65,650	79,912	98,368
Franchise fees	1,414,910	1,653,298	1,565,484	1,561,020	1,566,401
Intergovernmental	144,499	77,375	4,421	16,149	-
Investment earnings	139,903	64,147	66,619	89,278	130,602
Gain (loss) on sale/retirement of capital assets	(115,940)	100,339	116,255	(348,529)	56,720
Miscellaneous	348,954	301,972	249,246	226,739	377,674
Rescindment of contingency	-	550,000	-	-	-
Revaluation of Compensated Absences	-	-	191,261	-	-
Transfers	1,475,209	996,770	1,021,140	1,021,140	1,021,140
Total governmental activities	<u>22,786,292</u>	<u>23,671,154</u>	<u>23,905,485</u>	<u>24,034,197</u>	<u>24,880,019</u>
Business-type activities					
Investment earnings	618,350	109	13,629	19,609	4,013
Transfers	(1,475,209)	(996,770)	(1,021,140)	(1,021,140)	(1,021,140)
Total business-type activities	<u>(856,859)</u>	<u>(996,661)</u>	<u>(1,007,511)</u>	<u>(1,001,531)</u>	<u>(1,017,127)</u>
Total primary government	<u>\$ 21,929,433</u>	<u>\$ 22,674,493</u>	<u>\$ 22,897,974</u>	<u>\$ 23,032,666</u>	<u>\$ 23,862,892</u>
Change in Net Position					
Governmental activities	\$ (513,111)	\$ 1,577,755	\$ 2,594,597	\$ 2,955,875	\$ 4,163,933
Business-type activities	870,777	642,185	3,601,511	2,744,668	2,873,383
Total primary government	<u>\$ 357,666</u>	<u>\$ 2,219,940</u>	<u>\$ 6,196,108</u>	<u>\$ 5,700,543</u>	<u>\$ 7,037,316</u>
	2010	2011	2012	2013	2014
General Fund					
Reserved	\$ 69,467	\$ 57,391	\$ 65,791	\$ 33,249	\$ 646,398
Unreserved	(104,146)	779,427	1,627,107	5,435,405	6,478,642
Total general fund	<u>\$ (34,679)</u>	<u>\$ 836,818</u>	<u>\$ 1,692,898</u>	<u>\$ 5,468,654</u>	<u>\$ 7,125,040</u>
All Other Governmental Funds					
Reserved	\$ 1,505,458	\$ 1,618,055	\$ 1,772,642	\$ 1,691,574	\$ 1,793,631
Unreserved, reported in:					
Special revenue funds	3,748,561	4,718,358	2,308,622	2,936,214	3,127,878
Capital projects funds	1,236,526	1,206,560	1,166,502	7,701,460	6,399,437
Unrestricted					
Total all other governmental funds	<u>\$ 6,490,545</u>	<u>\$ 7,542,973</u>	<u>\$ 5,247,766</u>	<u>\$ 12,329,248</u>	<u>\$ 11,320,946</u>

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

CITY OF WESLACO, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(Modified Accrual Basis of Accounting)

Table IV
(Page 1 of 2)

	2011	2012	2013	2013	2014
Revenues					
Taxes:					
Ad valorem	\$ 9,492,754	\$ 9,413,005	\$ 9,683,050	\$ 9,633,599	\$ 9,633,599
Penalty and interest	354,830	297,632	328,433	299,368	299,368
Sales	9,864,624	10,578,320	11,182,267	11,441,937	11,441,937
Occupancy	358,390	336,419	382,934	419,960	419,960
Other	71,488	65,650	79,912	98,368	98,368
Franchise fees	1,653,298	1,565,484	1,561,020	1,566,401	1,566,401
Charges for services	2,565,294	2,540,973	2,832,851	2,783,840	2,783,840
Program income	150,054	341,845	389,134	309,571	360,576
Intergovernmental	577,538	745,594	569,518	697,467	697,467
Licenses and permits	363,068	381,323	405,601	446,828	446,828
Investment income	64,147	66,619	89,278	124,587	130,602
Fines and forfeitures	463,778	772,752	668,891	636,486	636,486
Contributions	142	500	50	2,736	2,736
Miscellaneous	301,830	248,746	527,110	370,005	374,938
Proceeds from sales	367,174	124,435	56,950	56,729	56,720
Total revenues	26,648,409	27,479,297	28,756,999	28,887,882	28,949,826
Expenditures					
General government	4,310,348	3,797,404	3,697,885	4,737,764	4,617,587
Public Safety	11,664,128	10,327,350	10,699,897	10,483,329	10,483,329
Public Works	1,342,074	1,299,033	1,556,054	1,558,496	1,558,496
Health	100,315	84,348	85,956	-	-
Culture and recreation	1,073,525	1,447,298	1,428,512	1,420,314	1,311,421
Economic development	2,171,025	1,923,521	2,144,101	1,541,766	1,568,220
Nondepartmental	684,020	395,172	477,223	518,356	565,216
Capital outlay	633,058	2,416,513	823,384	2,265,321	2,390,421
Debt service					
Principal	9,628,025	2,004,577	2,526,603	2,711,315	2,711,314
Interest and fiscal charges	1,420,192	1,352,412	1,197,893	1,152,048	1,152,048
Contingency expense	-	-	-	-	-
Total expenditures	33,026,710	25,047,628	24,637,508	26,388,709	26,358,052
Excess of revenues over (under) expenditures	(6,378,301)	2,431,669	4,119,491	2,499,173	2,591,774

CITY OF WESLACO, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(Modified Accrual Basis of Accounting)

Table IV
(Page 1 of 2)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>	<u>2014</u>
Other Financing Sources (Uses)					
Debt proceeds	\$ 9,044,918	\$ 1,155,000	\$ 22,157,515	\$ -	\$ -
Bond redemption	-	-	(14,630,000)	-	-
Debt issuance costs	(101,814)	(30,323)	(366,731)	-	-
Volunteer separation expense	-	-	-	-	-
Proceeds from 380 Agreements	-	-	-	-	-
380 Agreement expenditures	(912,644)	(780,562)	(581,949)	(960,189)	(738,139)
Accrued 380 Agreement Interest	-	(949,937)	-	-	-
Sales Tax rebates	-	(843,934)	(645,082)	(580,488)	(580,488)
Transfers in	-	-	-	-	-
Transfers out	(200,000)	(480,000)	(700,000)	(700,000)	(700,000)
Total other financing sources (uses)	<u>7,830,460</u>	<u>(1,929,756)</u>	<u>5,233,753</u>	<u>(2,240,677)</u>	<u>(2,018,627)</u>
Net change in fund balances	<u>\$ 1,452,159</u>	<u>\$ 501,913</u>	<u>\$ 9,353,244</u>	<u>\$ 258,496</u>	<u>\$ 573,147</u>
Debt service as a percentage of noncapital expenditures	34.1%	14.8%	15.6%	16.0%	16.1%

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Table V

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 6,139,744	\$ 5,659,936	92.19%	\$ 270,432	\$ 5,930,368	96.59%
2006	6,451,289	6,021,477	93.34%	184,509	6,205,986	96.20%
2007	6,982,074	6,555,427	93.89%	214,183	6,769,610	96.96%
2008	7,667,715	7,171,489	93.53%	387,236	7,558,725	98.58%
2009	8,920,936	8,518,972	95.49%	647,906	9,166,878	102.76%
2010	9,249,698	8,628,830	93.29%	593,254	9,222,084	99.70%
2011	9,310,540	8,704,523	93.49%	579,960	9,284,483	99.72%
2012	9,346,948	8,859,282	94.78%	432,353	9,291,635	99.41%
2013	9,559,563	9,095,317	95.14%	461,529	9,556,846	99.97%
2014	9,667,300	9,119,003	94.33%	410,804	9,529,807	98.58%

CITY OF WESLACO, TEXAS
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Table VI

Fiscal Year	Residential Property	Commercial Property	Tax-Exempt	Total Taxable Assessed Value	Total Direct Overlapping Tax Rate
2005	\$ 441,511,544	\$ 468,256,630	\$ 226,814,960	\$ 909,768,174	2.9669
2006	506,062,673	447,666,328	243,504,504	953,729,001	2.9611
2007	559,681,854	478,189,081	295,278,641	1,037,870,935	2.8666
2008	641,361,248	512,587,048	313,753,593	1,153,948,296	2.6438
2009	756,407,311	588,374,568	345,797,678	1,344,781,879	2.6954
2010	777,550,051	623,626,057	351,568,233	1,401,176,108	2.6978
2011	773,012,581	638,233,550	352,481,585	1,411,246,131	2.6978
2012	769,592,896	652,146,592	335,597,711	1,421,739,488	2.6978
2013	792,847,612	670,099,750	336,299,548	1,462,947,362	2.6996
2014	851,914,723	646,031,643	336,831,403	1,497,946,366	2.7113

Source: Hidalgo County Appraisal District

Table VII
(Page 1 of 2)

CITY OF WESLACO, TEXAS
PROPERTY TAX RATES AND TAX LEVIES-ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

		City Direct Rates		
Fiscal Year	Tax Year	Maintenance and Operation	Interest and Sinking	(Per \$100) City
PROPERTY TAX RATES				
2005	2004	0.5091	0.1904	0.6995
2006	2005	0.4963	0.2032	0.6995
2007	2006	0.5065	0.1930	0.6995
2008	2007	0.5153	0.1814	0.6997
2009	2008	0.5210	0.1757	0.6997
2010	2009	0.5152	0.1815	0.6967
2011	2010	0.5049	0.1918	0.6967
2012	2011	0.5039	0.1928	0.6967
2013	2012	0.5016	0.1951	0.6967
2014	2013	0.5006	0.1861	0.6867
TAX LEVIES				
2005	2004	0.0000	0.0000	6,139,744
2006	2005	0.0000	0.0000	6,451,289
2007	2006	0.0000	0.0000	6,982,074
2008	2007	0.0000	0.0000	7,667,715
2009	2008	0.0000	0.0000	8,881,533
2010	2009	0.0000	0.0000	9,276,796
2011	2010	0.0000	0.0000	9,366,985
2012	2011	0.0000	0.0000	8,796,004
2013	2012	0.0000	0.0000	9,010,516
2014	2013	0.0000	0.0000	13,013,057

Tax rate is limited by charter to \$2.50 per \$100.

Taxes are due October 1, and become delinquent February 1.

Discounts are not allowed.

Penalty for delinquency is 6% of amount of tax during first month, plus 1% for each additional month delinquent, to a maximum of 12% beginning July 1. Interest is 1% for each month or portion of month the tax remains delinquent.

On July 1, 1982, pursuant to Section 33.07 of the Property Tax Code, an additional penalty of 15% of the taxes, penalty, and interest is added on all taxes delinquent for the 1981 year and subsequent years.

Uncollected taxes are placed in hands of attorney for legal action on February 1, following year of assessment.

Table VII
(Page 2 of 2)

Overlapping Rates					
(Per \$100) Weslaco School District	South Texas Community College	(Per \$100) Hidalgo County	(Per \$100) Drainage District #1	(Per \$100) South Texas School District	(Per \$100) Total
1.4300	0.1647	0.5900	0.0435	0.0392	2.9669
1.4300	0.1589	0.5900	0.0435	0.0392	2.9611
1.3418	0.1548	0.5900	0.0413	0.0392	2.8666
1.1047	0.1540	0.5900	0.0492	0.0492	2.6468
1.1397	0.1498	0.5900	0.0700	0.0492	2.6984
1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
1.1397	0.1507	0.5900	0.0733	0.0492	2.6996
1.1397	0.1500	0.5900	0.0957	0.0492	2.7113
15,870,637	29,796,163	103,605,172	7,305,724	7,221,751	169,939,191
17,168,408	31,182,415	112,523,012	7,944,984	7,816,538	183,086,646
17,881,783	33,514,193	125,028,182	8,251,877	8,624,663	200,282,772
16,140,097	37,903,742	142,503,382	11,181,038	12,290,736	227,686,710
19,808,237	40,130,123	155,425,414	16,982,072	13,321,253	254,548,632
20,312,260	41,833,109	162,197,402	18,748,048	13,910,184	266,277,799
20,544,560	41,736,459	161,779,404	18,803,344	13,870,003	266,100,755
19,795,607	37,953,268	148,860,984	18,910,655	13,752,694	248,069,212
20,111,115	38,447,054	150,274,322	19,409,051	13,901,594	251,153,652
21,597,467	42,899,924	165,736,613	25,956,088	14,279,092	283,482,241

**CITY OF WESLACO, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Table VIII

Taxpayer	2014			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
H E Butt Grocery Company	\$ 35,773,799	1	2.45%	\$ 14,736,817	1	1.62%
H E Butt Weslaco Transportation	19,052,947	2	1.30%	-		
Clearview Weslaco LLP	15,343,482	3	1.05%	-		
CAPCOR Weslaco, LTD	10,655,558	4	0.73%	-		
Wal-Mart Real Estate Business TR	8,667,453	5	0.59%	6,963,935	7	0.77%
Wal-Mart Property Tax Dept.	7,477,314	6	0.51%	-		
John Knox Villages	7,399,993	7	0.51%	8,570,546	2	0.94%
AEP Texas Central Co.	7,244,440	8	0.50%	7,531,940	6	0.83%
JC Penny's #1101	6,830,017	9	0.47%	-		
Weslaco Palm Plaza, LTD	6,824,871	10	0.47%	-		
Verizon Southwest	-			8,490,800	3	0.93%
Weslaco Partners, LTD	-			7,977,015	4	0.88%
Weslaco Economic Development	-			7,738,282	5	0.85%
Weslaco Distribution Center	-			5,785,676	8	0.64%
Reyna, Esequiel Jr. & Livia	-			5,532,124	9	0.61%
Ed Payne Motors, LLP	-			5,271,678	10	0.58%
	<u>\$ 125,269,874</u>		<u>8.58%</u>	<u>\$ 78,598,813</u>		<u>8.65%</u>

**CITY OF WESLACO, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AT SEPTEMBER 30, 2014**

Table IX

	<u>Gross Debt Less Sinking Fund</u>	<u>Estimated Percentage Debt Applicable to City of Weslaco</u>	<u>City of Weslaco Share of Debt</u>
City of Weslaco, Texas	\$ 24,892,468	100.00%	\$ 24,892,468
Weslaco Independent School District	57,600,000	79.71%	45,912,960
Hidalgo County	175,805,000	5.08%	8,930,894
Hidalgo County Drainage District #1	157,700,000	5.20%	8,200,400
South Texas Community College District	88,834,991	5.10%	<u>4,530,585</u>
			<u>\$ 92,467,307</u>
Percentage of Assessed Valuation			<u>5.782%</u>
Direct and Overlapping Debt Per Capita			<u>\$ 2,492.85</u>
Population:	<u>37,093</u>		
Assessed Valuation:	<u>1,599,118,247</u>		

**CITY OF WESLACO, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Table X
(Page 2 of 2)

Legal Debt Margin Calculation fo Fiscal Year 2014

Assessed value	\$ 1,599,118,247
Debt limit (10% of assessed value)	159,911,825
Debt applicable to limit:	
General obligation bonds	25,032,196
Less: Amount set aside for repayment of general obligation debt	(426,551)
Total net debt applicable to limit	24,605,645
Legal debt margin	<u><u>\$ 135,306,180</u></u>

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 87,773,309	\$ 92,227,149	\$ 99,815,209	\$ 110,057,628
Total net debt applicable to limit	<u>23,847,724</u>	<u>22,852,031</u>	<u>27,872,725</u>	<u>27,092,739</u>
Legal debt margin	<u><u>\$ 63,925,585</u></u>	<u><u>\$ 69,375,118</u></u>	<u><u>\$ 71,942,484</u></u>	<u><u>\$ 82,964,889</u></u>
Total net debt applicable to the limit as a percentage of debt limit	27.17%	24.78%	27.92%	24.62%

Note: In 1955, the State Legislature enacted the 10% debt limit rate for school districts in Texas and has subsequently been used by municipalities as a general rule in computing debt margin.

**CITY OF WESLACO, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Table X
(Page 2 of 2)

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 127,480,023	\$ 133,153,378	\$ 141,124,613	\$ 142,173,949	\$ 139,051,427	\$ 159,911,825
<u>25,851,763</u>	<u>24,605,645</u>	<u>24,605,645</u>	<u>21,684,025</u>	<u>26,487,380</u>	<u>24,605,645</u>
<u><u>\$ 101,628,260</u></u>	<u><u>\$ 108,547,733</u></u>	<u><u>\$ 116,518,968</u></u>	<u><u>\$ 120,489,924</u></u>	<u><u>\$ 112,564,047</u></u>	<u><u>\$ 135,306,180</u></u>
20.28%	18.48%	17.44%	15.25%	19.05%	15.39%

**CITY OF WESLACO, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Table XI

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Plus: CIP Fee (1) Non-Operating	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2005	\$ 7,005,742	\$ 5,116,708	\$ 562,677	\$ 2,451,711	\$ 565,000	\$ 222,245	3.11
2006	7,647,543	5,490,379	591,140	2,748,304	585,000	199,335	3.50
2007	7,244,451	6,051,989	603,306	1,795,768	310,000	181,603	3.65
2008	7,724,198	6,696,352	631,599	1,659,445	300,000	169,785	3.53
2009	8,073,294	6,824,120	1,512,121	2,761,295	315,000	157,635	5.84
2010	7,846,367	5,990,804	1,245,183	3,100,746	325,000	144,673	6.60
2011	8,789,754	6,094,985	621,415	3,316,184	542,298	64,930	5.46
2012	10,354,040	5,846,464	680,865	5,188,441	472,092	112,753	8.87
2013	11,475,677	6,655,622	684,808	5,504,863	480,224	97,652	9.53
2014	10,649,451	7,330,737	727,055	4,045,769	492,312	82,223	7.04

- (1) The Waterworks and Wastewater System Revenue Bonds, Series 1998 that were issued on September 23, 1998 in the amount of \$5,930,000. These bonds will be paid from CIP fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new sewer plan on the south side of town has been paid for, The CIP fee is recognized as non-operating revenue

This table has been modified to reflect this source of funds.

- * The Revenue Coverage computation does not include the 2007 Certificate of Obligation issue of \$21,710,000. This issue is a surplus Revenue Certificate of Obligation and does not meet the requirement to be included in the computation for pledged revenue coverage. If considered in the computation, the coverage would be .76.

CITY OF WESLACO, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST FIVE FISCAL YEARS

Table XII
 (Page 1 of 2)

Fiscal Year	General Bonded Debt			Percentage of Actual Taxable Value of Property
	General Obligation Bonds	Certificates of Obligation	Water District Debt Assumed	
2010	\$ 1,276,800	\$ 23,755,396	-	1.79%
2011	620,800	23,223,916	-	1.69%
2012	419,200	21,776,008	-	1.56%
2013	208,000	26,443,550	-	1.82%
2014	-	24,894,102	-	1.66%

Fiscal Year	Business-Type Activities			
	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Notes Payable
2010	718,200	3,135,000	22,724,604	-
2011	1,300,284	2,845,000	21,290,000	-
2012	1,089,792	2,470,000	45,215,000	8,500,000
2013	870,768	2,090,000	44,790,000	8,040,000
2014	768,456	1,700,000	44,325,000	7,735,000

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

CITY OF WESLACO, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST FIVE FISCAL YEARS

Table XII
(Page 2 of 2)

Per Capita	Other Governmental Activities Debt				
	Arbitrage Payable	Compensated Absences			
721.37	\$ -	\$ 2,319,506			
668.48	-	2,319,506			
602.38	-	2,027,741			
723.32	-	2,138,217			
671.13	-	2,026,934			

Economic Development Sales Tax		Total Primary Government	Percentage of Personal Income	Per Capita
Revenue Bonds	Notes Payable			
4,595,000	-	58,524,506	12.89%	1,755
5,325,000	-	56,919,040	11.07%	1,640
6,300,000	-	87,797,741	16.54%	2,461
6,155,000	-	90,690,535	15.89%	2,461
5,570,000	-	87,019,492	15.02%	2,346

**CITY OF WESLACO, TEXAS
TAXABLE SALES BY INDUSTRY
LAST FIVE CALENDAR YEARS**

Table XIII

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Agriculture, Forestry, Fishing, Hunting	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	835,222	998,716	1,547,374	2,839,442	4,144,701
Manufacturing	2,139,103	908,666	1,043,977	944,415	1,374,389
Wholesale trade	9,451,990	9,751,237	10,052,972	12,488,875	12,138,082
Retail trade	251,841,242	274,769,984	296,818,500	317,956,827	321,405,175
Transportation and warehousing	205,606	1,417,200	1,311,262	1,637,871	303,218
Information	7,063,176	6,916,201	7,440,719	9,086,834	13,229,751
Finance and insurance	1,966,880	2,172,227	2,096,979	1,999,036	2,177,332
Real estate, rental and leasing	11,531,735	3,062,869	2,730,662	2,783,960	2,881,418
Professional, scientific and technical	799,762	891,767	1,136,202	1,072,369	838,393
Administration, support, waste management, and remediation	3,434,638	1,730,296	3,592,463	6,176,976	5,830,822
Educational services	27,003	17,608	38,083	57,033	60,791
Health care and social assistance	305,582	696,535	512,033	560,036	560,511
Arts, entertainment, and recreation	610,900	1,143,847	1,774,225	1,692,620	1,952,878
Accommodation and food services	66,500,272	70,735,449	76,342,659	82,835,766	86,549,881
Other services	8,371,356	8,923,286	9,623,843	10,287,220	10,073,577
Other	24,022	16,125	19,346	15,201	17,086
Total	\$ 365,108,489	\$ 384,152,013	\$ 416,081,299	\$ 452,434,481	\$ 463,538,005
City direct sales tax rate	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Texas State Comptroller

CITY OF WESLACO, TEXAS
SALES TAX REVENUE PAYERS BY INDUSTRY
CALENDAR YEARS 2013 AND 2009

Table XIV
 (Page 1 of 2)

	2013			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Agriculture, forestry, fishing, hunting	1	0.09%	\$ -	0.0%
Construction	56	5.17%	56,789	0.6%
Manufacturing	37	3.42%	18,888	0.2%
Wholesale trade	73	6.74%	249,778	2.8%
Retail trade	462	42.66%	6,359,137	70.3%
Transportation and warehousing	3	0.28%	32,757	0.4%
Information	16	1.48%	181,737	2.0%
Finance and insurance	21	1.94%	39,981	0.4%
Real estate, rental and leasing	18	1.66%	55,679	0.6%
Professional, scientific and technical	44	4.06%	21,447	0.2%
Administration, support, waste management, and remediation	56	5.17%	123,540	1.4%
Educational services	5	0.46%	1,141	0.0%
Health care and social assistance	9	0.83%	11,201	0.1%
Arts, entertainment, and recreation	13	1.20%	33,852	0.4%
Accommodation and food services	142	13.11%	1,656,715	18.3%
Other services	119	10.99%	205,744	2.3%
Other	8	0.74%	304	0.0%
Total	1,083	100.00%	\$ 9,048,690	100.00%

Source: Texas State Comptroller

Note: The tax liability was calculated from amounts reported by the Comptroller's Office as sales subject to sales tax. Because of amounts retained by the state for administration and timing differences due to accounts under audit, the totals will not necessarily compare with actual sales tax rebates received by the City.

**CITY OF WESLACO, TEXAS
SALES TAX REVENUE PAYERS BY INDUSTRY
CALENDAR YEARS 2013 AND 2009**

Table XIV
(Page 2 of 2)

2009			
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
3	0.29%	\$ -	0.00%
42	4.09%	16,704	0.23%
31	3.02%	42,782	0.59%
36	3.51%	189,040	2.59%
460	44.83%	5,036,825	68.98%
5	0.49%	4,112	0.06%
24	2.34%	141,264	1.93%
21	2.05%	39,338	0.54%
17	1.66%	230,635	3.16%
47	4.58%	15,995	0.22%
52	5.07%	68,693	0.94%
7	0.68%	540	0.01%
12	1.17%	6,112	0.08%
13	1.27%	12,218	0.17%
132	12.87%	1,330,005	18.21%
114	11.11%	167,427	2.29%
10	0.97%	480	0.01%
<u>1,026</u>	<u>100.00%</u>	<u>\$ 7,302,170</u>	<u>100.00%</u>

**CITY OF WESLACO, TEXAS
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS**

Table XV

Fiscal Year	City Direct Rate	State Rate	Total Tax Rate
2005	2.00%	6.25%	8.25%
2006	2.00%	6.25%	8.25%
2007	2.00%	6.25%	8.25%
2008	2.00%	6.25%	8.25%
2009	2.00%	6.25%	8.25%
2010	2.00%	6.25%	8.25%
2011	2.00%	6.25%	8.25%
2012	2.00%	6.25%	8.25%
2013	2.00%	6.25%	8.25%
2014	2.00%	6.25%	8.25%

CITY OF WESLACO, TEXAS
MISCELLANEOUS STATISTICAL FACTS
SEPTEMBER 30, 2014

Table XVI

Date of Incorporation : 1919
Date of Adoption of City Charter: December 14, 1927
Form of Government: Commissioner-Manager
Area: 14.72 Square Miles

Miles of Street:

Graded	1.65
Paved	223

City:

Number of City Employees	280
Number of Street Lights	1,600

Miles of Sewers:

Storm	96
Sanitary	213

Municipal Water Plant:

Number of Connections	11,468
Miles of Water Mains	129.6

Building Permits:

Permits Issued	1,998
Estimated Cost	\$ 45,648,259

Average Daily :**Gallons**

Consumption	4,804,308
Daily Plant Capacity	7,900,000

Fire Protection:

Number of Stations	3
Number of Employees	74
Number of Volunteers	-

Water Sold for Year

15,180,209

Population :

1940 Census	6,883
1950 Census	7,487
1960 Census	15,649
1970 Census	15,313
1980 Census	19,331
1990 Census	25,608
2000 Census	26,935
2010 Census	35,670

Police Protection:

Number of Sub-stations	1
Number of Stations	1
Number of Employees	62

Number of Hospitals:

233 Beds

Recreation:

Parks-Numbers of Acres	171.97
Skateboard Parks	1
Tennis Courts	6
Golf Courses	2
Swimming Pools	2
Parks	7

Airports:

1

Education:

Mid Valley Christian School PK-6th Grade, Established 1974
 San Martin Catholic School PK-6th Grade, Established 1998
 Valley Grande Adventist Academy Grades 9-12, Established 1937
 First Christian Academy, Established 2006
 Horizon Montessori II

Technology Education Charter High School
 South Texas College
 South Texas Vo-Tech
 Valley Grande Institute for Academic Studies

Weslaco I.S.D. (Student Population 17,917)
 High School 3
 Alternative Schools 2
 Middle Schools 4
 Elementary Schools 11

Other Independent School Districts:

IDEA Public Schools, Grades Pre-K-12

South Texas ISD, Grades 9-12

Source:

City of Weslaco, Finance Department

**CITY OF WESLACO, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Table XVII

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2004	30,416	468,528,064	15,404	13.3%
2005	30,416	508,525,104	16,719	7.2%
2006	31,442	539,041,648	17,144	6.5%
2007	32,092	571,365,968	17,804	7.3%
2008	32,092	571,365,968	17,804	7.3%
2009	33,354	507,814,650	15,225	8.3%
2010	34,701	514,199,418	14,818	5.5%
2011	35,670	530,698,260	14,878	11.3%
2012	36,846	570,744,540	15,490	11.4%
2013	37,093	579,466,846	15,622	10.2%

Source: Weslaco Economic Development Corporation and the Bureau
of Economic Analysis

CITY OF WESLACO, TEXAS
OPERATING INDICATORS AND CAPITAL ASSETS STATISTICS
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table XVIII

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government									
Building permits issued	2,764	2,984	2,848	2,361	2,499	2,088	1,964	1,946	1,935
Building inspections - conducted	4,678	5,391	5,536	5,055	5,264	4,054	3,625	3,488	3,260
Police									
Physical Arrests-Adults	2,159	2,225	2,585	2,266	2,646	1,733	2,624	2,619	2,747
Physical Arrests-Juveniles	599	703	651	366	464	674	620	639	385
Fire									
Emergency responses	5,488	5,499	6,664	7,235	7,387	6,994	7,044	7,190	6,947
Library									
Volumes in collection	82,504	75,444	65,569	51,968	63,006	58,246	58,814	67,800	66,368
Total volumes borrowed	56,251	60,542	56,901	76,057	57,412	57,252	60,876	64,790	46,606
Water									
New connections	309	290	267	267	221	140	133	133	126
Average daily consumption (thousands of gallons)	5,210	5,406	4,385	5,666	5,667	5,765	6,010	6,010	5,289
Peak daily consumption (thousands of gallons)	7,770	7,741	7,799	8,086	8,307	7,685	8,860	-	6,806
Wastewater									
Average daily sewage treatment (thousands of gallons)	3,590	3,377	3,431	2,080	3,835	4,669	4,133	-	4,917
Police									
Stations	1	1	1	1	1	1	1	1	1
Substation	3	3	3	3	2	1	1	1	1
Patrol Units				77	79	75	26	70	56
Fire stations	3	3	3	3	3	3	3	3	3
Other public works									
Street (miles)	91.85	91.85	97.54	97.54	97.54	97.54	97.54	97.54	223.00
Streetlights	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Parks & recreation									
Acreage	153.53	153.53	153.53	153.53	153.53	153.53	153.53	153.53	171.97
Playgrounds	11	11	11	11	11	11	11	11	16
Golf courses	1	1	1	1	1	1	1	1	2
Water									
Water main (miles)	126.00	126.00	126.00	126.00	126.00	126.00	126.00	126.00	128.00
Fire hydrants	-	-	-	-	-	-	-	-	-
Storage capacity (thousands of gallons)	7,900	7,900	7,900	7,900	7,900	2,385	7,900	7,900	2,385
Wastewater									
Sanitary sewer (miles)	111.67	111.67	118.01	118.01	118.01	118.01	118.01	118.01	213.00
Storm sewer (miles)	50.94	50.94	50.94	50.94	50.94	50.94	50.94	50.94	96.00
Treatment capacity (thousands of gallons)	5,500	5,500	5,500	5,500	5,500	7,250	7,250	7,250	7,250

**CITY OF WESLACO, TEXAS
PRINCIPAL EMPLOYERS
2014 AND 2007**

Table XIX

Employer	2014 *			2007 *		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Weslaco Independent School District	2,825	1	44.67%	2,817	1	43.99%
Knapp Medical Center	980	2	15.50%	1,000	2	15.62%
Woodcrafters	541	3	8.55%	592	3	9.24%
Wal-Mart	455	4	7.19%	260	7	4.06%
HEB (3 locations)	407	5	6.44%	407	4	6.36%
Payne Auto Group	330	6	5.22%	389	5	6.07%
City of Weslaco	280	7	4.43%	351	6	5.48%
Foremost Paving	193	8	3.05%	214	8	3.34%
Texas A & M	166	9	2.62%	168	10	2.62%
Internation Wood	147	10	2.33%	206	9	3.22%
Total	<u>6,324</u>		<u>100.00%</u>	<u>6,404</u>		<u>100.00%</u>

Source: Weslaco Economic Development Corporation

* 2013 and 2006 information not available by Weslaco Economic Development Corporation.

CITY OF WESLACO, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Table XX

Full-time Equivalent Employees as of September 30, 2014

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	50	50	51	54	54	54	36	31	36	40
Public Safety	177	174	175	197	181	181	141	132	140	136
Public Works	27	28	29	29	29	29	25	37	22	42
Health & Welfare	3	3	3	3	3	3	2	1	2	2
Culture & Recreation	38	38	38	39	39	39	3	3	2	7
Refuse collection	15	17	17	17	17	17	4	3	3	1
Library	19	19	19	19	20	20	12	11	17	16
Water	23	23	23	24	19	19	23	22	31	22
Wastewater	9	9	9	8	10	10	0	0	14	11
Airport	4	4	4	4	4	4	4	4	3	3
Museum	2	2	2	2	2	2	0	0	0	0
Total	<u>367</u>	<u>367</u>	<u>370</u>	<u>396</u>	<u>378</u>	<u>378</u>	<u>250</u>	<u>244</u>	<u>270</u>	<u>280</u>

SCHEDULE OF INSURANCE COVERAGE

Table XXI
(Page 1 of 6)

**CITY OF WESLACO, TEXAS
SCHEDULE OF INSURANCE COVERAGE**

<u>Insurer</u>	<u>Type of Coverage</u>
CHUBB	Real and Personal Property All risk coverage. \$10,000 deductible \$69,104,965 blanket limit. Replacement cost loss valuation

Table XXI
(Page 2 of 6)

Policy Number & Period Covered	Property	Total	Building	Contents
3584-19-01-DAL 10/1/14-10/01/15	Airplane Hangar/Maint/Office	\$ 1,200,000	\$ 900,000	\$ 300,000
	Airport Hangar/Terminal	1,900,000	900,000	1,000,000
	Old Terminal Office	35,846	35,846	-
	Hanger	748,604	748,604	-
	Swimming Pool Bath House	158,729	146,729	12,000
	Animal Shelter	195,000	145,000	50,000
	City Hall/Aux Fire Station	2,150,000	2,000,000	150,000
	City Shop	1,168,992	1,043,992	125,000
	General Shop	2,000,000	2,000,000	-
	Health & Day Center	369,957	369,957	-
	Lawn Mower Storage	6,750	6,750	-
	Library	2,969,569	2,400,819	568,750
	Meeting Hall	241,511	211,511	30,000
	Museum	779,219	779,219	-
	Office Building-Tower	160,520	155,520	5,000
	Office	100,214	87,714	12,500
	Office/Testing Lab	106,250	100,000	6,250
	Police/Fire Station	1,666,695	1,600,000	66,695
	Portable Building	13,500	8,500	5,000
	Recreation Building	319,352	314,352	5,000
	Water Tower	580,500	580,500	-
	Tower Theatre	118,045	96,170	21,875
	Vehicle Storage	53,091	35,591	17,500
	Elev. Water Tower	769,500	769,500	-
	Elev. Water Tower	769,500	769,500	-
	Water Plant/Entire Complex	6,831,000	6,831,000	-
	Weslaco Recycling Center	550,000	350,000	200,000
	North Wastewater Plant	5,700,000	5,700,000	-
	Cemetery Storage Building	115,634	95,634	20,000
	Cemetery Fence	38,000	38,000	-
	New PFA Building	5,697,759	5,697,759	-
	Isaac D. Rodriguez Skate Park	67,200	67,200	-
	Office Complex	780,739	736,389	44,350
	Public Parking Garage	1,700,000	1,700,000	-
	South Wastewater Plant	3,800,000	3,800,000	-
	Fire Station	865,000	825,000	40,000
	Cavazos Park (Entire Park)	200,000	200,000	-
	City Park (Entire Park)	1,000,000	1,000,000	-
	Gibson Park (Entire Park)	330,000	300,000	30,000
	Nature Center	206,000	206,000	-
	Plazita Park	200,000	200,000	-
	Old Harlon Block Park (Entire Park)	753,558	753,558	-
	Municipal Court	350,149	350,149	-
	Harlon Block Sports Complex	1,755,000	1,755,000	-
	City Office Building	7,350,000	6,600,000	750,000
	Airport Infrastructure	1,200,000	900,000	300,000
	Total	<u>\$ 58,071,383</u>	<u>\$ 54,311,463</u>	<u>\$ 3,759,920</u>

Table XXI
(Page 3 of 6)

**CITY OF WESLACO, TEXAS
SCHEDULE OF INSURANCE COVERAGE**

<u>Insurer</u>	<u>Type of Coverage</u>
Traveler's Casualty & Surety Company of America	Employee Theft Forgery or Alteration On Premises In Transit Money Orders & Conterfeit Money Computer Fraud Funds Transfer Fraud Deductible
Texas Municipal League Intergovernmental Risk Pool	General Liability Public Officials Liability/Employment Practices Liability Aggregate Deductible
ACE Property & Casualty	Products/Completed Ops Aggregate Personal & Advertising Injury Each Occurrence Fire Damage (any one fire) Medical Expense (any one person) Each Aircraft Each loss limit Deductible

Table XXI
(Page 4 of 6)

Policy Number & Period Covered	Property	Coverage		
		Total	Building	Contents
#105688868 10/01/2014-10/1/2015	Crime	20,000		
		20,000		
		20,000		
		20,000		
		20,000		
		20,000		
		20,000		
		1,000		
9874 10/01/2014-10/1/2015	Public Officials	2,000,000		
		4,000,000		
		10,000		
AAPN05622645005 10/01/2014-10/1/2015	Airport Liability	1,000,000		
		1,000,000		
		1,000,000		
		250,000		
		5,000		
		1,000,000		
		1,000,000		
		1,000		

Table XXI
(Page 5 of 6)

CITY OF WESLACO, TEXAS
SCHEDULE OF INSURANCE COVERAGE

Insurer	Type of Coverage
CHUBB - Federal Insurance Company	Mobile Equipment Mobile Communication Property Deductible
ACE Property & Casualty	Products/Completed Ops Aggregate Personal & Advertising Injury Each Occurrence Fire Damage (any one fire) Medical Expense (any one person) Each Aircraft Each loss limit Deductible

Table XXI
(Page 6 of 6)

Policy Number & Period Covered	Property	Coverage		
		Total	Building	Contents
#3584-19-01-DAL 10/1/14-10/01/15	Schedule of Equipment Policy File	1,061,137		
		297,849		
		3,500		
AAPN05622645006 10/01/2014-10/1/2015		1,000,000		
		1,000,000		
		1,000,000		
		250,000		
		5,000		
		1,000,000		
		1,000,000		

CONTINUING DISCLOSURE REQUIREMENTS

RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

Issuer Name: City of Weslaco, Texas

Issue(s):

\$ 28,175,000 Tax And Waterworks And Sewer System Surplus Revenue Certificates of Obligation, Series 2007
 \$ 24,335,000 Tax and Revenue Certificates of Obligation, Series 2012
 \$ 11,915,000 Limited Tax Refunding Bonds, Series 2012
 \$ 6,750,000 Tax and Revenue Certificates of Obligation, Series 2013
 \$ 9,075,000 Tax and Revenue Certificates of Obligation, Series 2014

Filing Format X electronic ___ paper; If available on the Internet, give URL: _____

CUSIP Numbers to which the information filed relates (optional):

X Nine-digit number(s) (see following page(s)):

___ Six-digit number if information filed relates to all securities of the issuer

* * *

Financial & Operating Data Disclosure Information

X Annual Financial Report or CAFR

X Financial Information & Operating Data

___ Other (describe) _____

X Fiscal Period Covered: FYE 2014 _____

___ Monthly ___ Quarterly X Annual ___ Other: _____

* * *

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: /s/ Mike Perez _____

Name: Mike Perez _____ Title: Interim City Manager _____

Employer: City of Weslaco, Texas _____

Voice Telephone Number: (956) 968-3181 _____

Email Address: mrperez@weslacotx.gov _____

FINANCIAL STATEMENTS

The audited financial statements for the City for the fiscal year ended September 30, 2014 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

SIGNATURE OF ISSUER

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

CITY OF WESLACO, TEXAS

/s/ Mike Perez

Mike Perez
Interim City Manager

Approved for Submission:

03/30/2015

Date

05/04/2015

Amended

CITY OF WESLACO, TEXAS

2015 GENERAL OBLIGATION DEBT REPORTS

TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2014/2015 Market Valuation Established by Hidalgo County Appraisal District (excluding totally exempt property)		\$ 1,599,118,247
Less Exemptions/Reductions at 100% Market Value:		
Homestead Cap Adjustment	\$ 10,036,167	
Disabled Veterans	7,392,652	
Over 65 or Disabled	24,318,666	
Pollution	16,650	
Productivity Loss	39,064,827	
Freeport Exemption	6,337,797	87,166,759
		<hr/>
2014/2015 Net Taxable Assessed Valuation		<u><u>\$ 1,511,951,488</u></u>
Debt Payable from Ad Valorem Taxes ("Tax Debt") as of January 31, 2015 ⁽¹⁾		
Tax Bonds	\$ 13,715,000	
Certificates of Obligation	65,230,000	
Tax Notes	7,735,000	
		<hr/>
Total Tax Debt		<u>\$ 86,680,000</u>
Less: Self-Supporting Debt ⁽²⁾		
Certificates of Obligation, Series 2007	19,990,000	
Limited Tax Refunding Bonds, Series 2010	652,532	
Tax Notes, Series 2011	7,735,000	
Certificates of Obligation, Series 2012	24,335,000	
Certificates of Obligation, Series 2014	9,075,000	\$ 61,787,532
		<hr/>
Net Tax Debt		<u>\$ 24,892,468</u>
Tax Debt Interest and Sinking Fund as of January 31, 2015		\$ 996,317
Ratio Net Tax Debt to Taxable Assessed Valuation		1.65%

2015 Estimated Population - 37,903
Per Capita Taxable Assessed Valuation - \$39,890
Per Capita Tax Debt - \$2,287
Per Capita Net Tax Debt - \$657

(1) Includes self-supporting debt, payable from other bond revenues. The above statement of indebtedness does not include currently outstanding \$1,700,000 Waterworks and Sewer System Revenue Refunding Bonds, as these bonds are payable solely from the net revenues of the Waterworks and Sewer System (the "System"), as defined in the ordinance authorizing the bonds.

(2) Tax Debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10 herein. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future.

TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2015		2014		2013	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 694,985,107	43.46%	\$ 663,058,965	44.26%	\$ 658,827,083	44.86%
Real, Residential, Multi-Family	56,329,799	3.52%	51,373,104	3.43%	52,848,300	3.60%
Real, Vacant Lots/Tracts	83,059,095	5.19%	88,637,060	5.92%	85,638,796	5.83%
Real, Acreage (Land Only)	39,628,046	2.48%	37,509,638	2.50%	42,843,531	2.92%
Real, Farm and Ranch Improvements	3,428,350	0.21%	3,473,538	0.23%	2,821,955	0.19%
Real, Commercial and Industrial	458,736,642	28.69%	407,738,521	27.22%	399,049,678	27.17%
Real, Oil and Gas	13,000	0.00%	13,060	0.00%	17,050	0.00%
Real and Tangible Personal, Utilities	19,260,370	1.20%	17,783,027	1.19%	14,944,144	1.02%
Tangible Personal, Business	162,103,767	10.14%	163,710,318	10.93%	154,344,631	10.51%
Tangible Personal, Other	50,482,614	3.16%	33,976,734	2.27%	34,001,847	2.32%
Real Property, Inventory	13,247,773	0.83%	14,868,860	0.99%	10,042,684	0.68%
Special Inventory	17,843,684	1.12%	15,803,541	1.06%	13,260,113	0.90%
Miscellaneous	-	0.00%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	\$1,599,118,247	100.00%	\$1,497,946,366	100.00%	\$1,468,639,812	100.00%
Less: Total Exemptions/Reductions	87,166,759		78,934,626		78,125,546	
Taxable Assessed Value	<u>\$1,511,951,489</u>		<u>\$1,419,011,740</u>		<u>\$1,390,514,266</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2012		2011	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 639,835,322	44.77%	\$ 640,671,828	45.23%
Real, Residential, Multi-Family	50,239,811	3.52%	49,845,676	3.52%
Real, Vacant Lots/Tracts	79,973,894	5.60%	83,470,608	5.89%
Real, Acreage (Land Only)	44,691,975	3.13%	39,781,549	2.81%
Real, Farm and Ranch Improvements	2,793,257	0.20%	3,045,755	0.22%
Real, Commercial & Industrial	392,130,947	27.44%	384,284,909	27.13%
Real, Oil and Gas	14,750	0.00%	28,120	0.00%
Real and Tangible Personal, Utilities	16,005,284	1.12%	17,502,933	1.24%
Tangible Personal, Business	149,060,828	10.43%	146,580,220	10.35%
Tangible Personal, Other	30,413,969	2.13%	27,981,017	1.98%
Real Property, Inventory	14,167,898	0.99%	15,170,536	1.07%
Special Inventory	9,282,035	0.65%	7,661,452	0.54%
Miscellaneous	591,494	0.04%	589,757	0.04%
Total Appraised Value Before Exemptions	\$1,429,201,464	100.00%	\$1,416,614,360	100.00%
Less: Total Exemptions/Reductions	73,284,074		67,356,872	
Taxable Assessed Value	<u>\$1,355,917,390</u>		<u>\$1,349,257,488</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Hidalgo County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Net Tax Debt Outstanding at End of Year ⁽³⁾	Ratio of Net Tax Debt to Taxable Assessed Valuation	Net Tax Debt Per Capita
2011	36,721	\$ 1,349,257,488	\$ 36,743	\$ 23,177,335	1.72%	\$ 631
2012	37,786	1,355,917,390	35,884	21,743,583	1.60%	575
2013	38,881	1,390,514,266	35,763	26,644,034	1.92%	685
2014	39,794	1,419,001,740	35,659	24,892,468	1.75%	626
2015	37,903	1,511,951,488	39,890	23,114,765 ⁽⁴⁾	1.53% ⁽⁴⁾	610 ⁽⁴⁾

(1) Source: City Officials.

(2) As reported by the Hidalgo County Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Excludes self-supporting debt.

(4) Projected.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2011	\$ 0.6967	\$ 0.5049	\$ 0.1918	\$ 9,310,540	94.18%	100.00%
2012	0.6967	0.5039	0.1928	9,346,948	94.78%	99.41%
2013	0.6967	0.5016	0.1951	9,559,563	95.14%	99.97%
2014	0.6867	0.5006	0.1861	9,667,300	94.33%	98.58%
2015	0.6867	0.4966	0.1901	10,174,919 ⁽¹⁾	84.10% ⁽²⁾	85.65% ⁽²⁾

(1) Calculated at 98% collections.

(2) Collections through January 31, 2015.

TABLE 5 – TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2014/15 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
H E Butt Grocery Company	Grocery Store	\$ 37,499,123	2.48%
HEB Weslaco Transportation	Warehouse/Distribution	18,473,771	1.22%
Clearview Weslaco L.L.P.	Development	16,021,025	1.06%
CapCor Weslaco Ltd.	Holding Company	12,337,301	0.82%
Wal-Mart	Real Estate/Retail	11,637,270	0.77%
AEP Texas Central Co.	Electric Utility	7,974,160	0.53%
Wal-Mart Property Tax Department	Real Estate/Retail	7,477,314	0.49%
John Knox Villages	Retirement Housing	7,095,448	0.47%
Weslaco Palm Plaza Ltd.	Development	7,045,784	0.47%
Lowe's Home Centers Inc.	Retail	6,170,476	0.41%
		<u>\$ 131,731,672</u>	<u>8.71%</u>

TABLE 6 – TAX ADEQUACY

2015 Principal and Interest Requirements ⁽¹⁾	\$2,655,512
\$0.1793 Tax Rate at 98% Collection Produces	\$2,656,710
Average Annual Principal and Interest Requirements, 2015- 2033 ⁽¹⁾	\$1,603,351
\$0.1083 Tax Rate at 98% Collection Produces	\$1,604,695
Maximum Annual Principal and Interest Requirements, 2016 ⁽¹⁾	\$2,664,681
\$0.1799 Tax Rate at 98% Collection Produces	\$2,665,601

(1) Excludes self-supporting debt.

TABLE 7 – ESTIMATED OVERLAPPING DEBT

Updated information with respect to the City as contained in the “Estimated Overlapping Debt” table of the final official statements of debt issued is contained in other tables of this annual report. Information relating to other taxing entities within the territory of the City that was contained in the “Estimated Overlapping Debt” table of the final official statements has not been updated (as it is not financial information or operating data of the issuer); however, information relating to other taxing entities is contained in individual “Texas Municipal Reports” as published by the Municipal Advisory Council of Texas.

TABLE 8 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service ⁽¹⁾			Less:		% of Principal Retired
	Principal	Interest	Total	Self-Supporting Debt Service	Total Tax Debt Service	
2015	\$ 3,850,000	\$ 3,679,120	\$ 7,529,120	\$ 4,873,608	\$ 2,655,512	
2016	4,500,000	3,402,317	7,902,317	5,237,636	2,664,681	
2017	5,050,000	3,256,214	8,306,214	5,646,442	2,659,772	
2018	5,585,000	3,087,179	8,672,179	6,015,938	2,656,241	
2019	4,975,000	2,883,430	7,858,430	5,204,430	2,654,000	27.64%
2020	5,160,000	2,699,786	7,859,786	5,207,294	2,652,492	
2021	5,335,000	2,516,369	7,851,369	5,201,829	2,649,540	
2022	5,520,000	2,327,719	7,847,719	5,198,481	2,649,237	
2023	5,740,000	2,116,281	7,856,281	5,201,631	2,654,650	
2024	4,425,000	1,912,981	6,337,981	5,198,656	1,139,325	57.84%
2025	4,650,000	1,693,081	6,343,081	5,197,331	1,145,750	
2026	4,890,000	1,462,131	6,352,131	5,207,006	1,145,125	
2027	5,135,000	1,219,306	6,354,306	5,211,656	1,142,650	
2028	3,380,000	1,033,556	4,413,556	3,815,656	597,900	
2029	3,545,000	871,981	4,416,981	3,819,331	597,650	82.76%
2030	3,725,000	702,506	4,427,506	3,826,006	601,500	
2031	3,900,000	521,956	4,421,956	3,820,206	601,750	
2032	4,095,000	332,881	4,427,881	3,827,131	600,750	
2033	1,865,000	154,525	2,019,525	1,421,025	598,500	
2034	1,355,000	67,750	1,422,750	1,422,750	-	100.00%
	<u>\$ 86,680,000</u>	<u>\$ 35,941,071</u>	<u>\$ 122,621,071</u>	<u>\$ 90,554,045</u>	<u>\$ 32,067,025</u>	

(1) Includes self-supporting debt.

TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Debt Service Requirements, Fiscal Year Ending 9/30/2015 ⁽¹⁾		\$2,655,512
Interest and Sinking Fund, 9/30/2014	\$ 798,285	
Budgeted Interest and Sinking Fund Tax Levy	2,628,777	
Estimated Interest Income/Delinquent Taxes/Penalties	<u>215,000</u>	<u>3,642,062</u>
Estimated Balance, Fiscal Year Ending 9/30/2015		<u>\$ 986,550</u>

(1) Excludes self-supporting debt.

TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT

Net Waterworks and Sewer System Revenue Available as of 9/30/2014	\$ 6,618,651
Less: Requirements for Waterworks and Sewer System Revenue Bonds	<u>457,691</u>
Balance Available for Other Purposes	<u>\$ 6,160,961</u>
Requirements for Waterworks and Sewer System Tax Debt	\$ 3,890,675
Percentage of Waterworks and Sewer System Tax Debt Self-Supporting	100.00%
Net Sewer System Revenue Available as of 9/30/2014	\$ 694,078
Less: Requirements for Sewer System Revenue Bonds	<u>-</u>
Balance Available for Other Purposes	<u>\$ 694,078</u>
Requirements for Sewer System Tax Debt	\$ -
Percentage of Sewer System Tax Debt Self-Supporting	100.00%

TABLE 11 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

As of January 31, 2015, the City does not have any authorized but unissued general obligation bonds.

TABLE 12 – OTHER OBLIGATIONS

As of September 30, 2014, the City does not have any other obligations outstanding.

TABLE 13 – CHANGE IN NET POSITION

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
REVENUES:					
Program Revenues:					
Charges for Services	\$ 2,742,959	\$ 2,865,240	\$ 2,675,758	\$ 2,267,190	\$ 2,746,362
Operating Grants and Contributions	233,899	99,359	16,179	-	-
Capital Grants and Contributions	463,568	454,010	724,994	500,163	608,768
General Revenues:					
Property Taxes	9,767,217	9,823,287	9,710,670	9,632,751	9,729,729
Sales Taxes	11,441,937	11,182,267	10,578,320	9,864,624	9,218,352
Hotel Occupancy Taxes	419,960	382,934	336,419	358,390	359,421
Other Taxes	98,368	79,912	65,650	71,488	71,255
Franchise Fees	1,566,401	1,561,020	1,565,484	1,653,298	1,414,910
Investment Earnings	130,602	89,278	66,619	64,147	139,903
Intergovernmental	-	16,149	4,421	77,375	144,499
Gain (loss) on Sale of Assets	56,720	(348,529)	116,255	100,339	(115,940)
Resindement of Revolving Loan Contingency	-	-	-	550,000	-
Revaluation of Compensated Absences	-	-	191,261	-	-
Miscellaneous	377,674	226,739	249,246	301,972	348,954
Total Revenues	<u>\$ 27,299,305</u>	<u>\$ 26,431,666</u>	<u>\$ 26,301,276</u>	<u>\$ 25,441,737</u>	<u>\$ 24,666,213</u>
EXPENSES:					
General Government	\$ 4,699,927	\$ 4,077,130	\$ 4,079,035	\$ 4,426,526	\$ 4,307,902
Public Safety	10,563,302	10,714,272	10,195,023	11,562,667	12,676,095
Emergency Medical Services	269,969	332,102	462,305	398,347	343,818
Culture and Recreation	1,660,311	1,692,154	1,693,692	1,144,997	2,486,171
Public Works	3,056,584	3,039,309	2,626,866	2,669,907	1,870,276
Development Services	2,143,748	2,719,417	2,412,090	3,101,439	3,358,829
Health and Welfare	-	90,067	88,459	104,426	132,612
Sales Tax Rebates	580,488	645,082	843,933	98,539	-
Interest on Long-Term Debt	1,182,183	1,187,398	2,326,416	1,452,443	1,478,830
Total Expenditures	<u>\$ 24,156,512</u>	<u>\$ 24,496,931</u>	<u>\$ 24,727,819</u>	<u>\$ 24,959,291</u>	<u>\$ 26,654,533</u>
Increase in Net Position Before Transfers	\$ 3,142,793	\$ 1,934,735	\$ 1,573,457	\$ 482,446	\$ (1,988,320)
Transfers	1,021,140	1,021,140	1,021,140	996,770	1,475,209
Increase in Net Position	\$ 4,163,933	\$ 2,955,875	\$ 2,594,597	\$ 1,479,216	\$ (513,111)
Beginning Net Position	28,448,819	25,634,698 ⁽¹⁾	21,536,107 ⁽¹⁾	20,054,171	20,567,282 ⁽¹⁾
Ending Net Position	<u>\$ 32,612,752</u>	<u>\$ 28,590,573</u>	<u>\$ 24,130,704</u>	<u>\$ 21,533,387</u>	<u>\$ 20,054,171</u>

(1) Restated.

(2) Includes value of infrastructure, less depreciation.

TABLE 13A – GENERAL FUND REVENUE AND EXPENDITURE HISTORY

	Fiscal Years Ended September 30,				
	2014	2013	2012	2011	2010
REVENUES					
Taxes	\$ 15,940,661	\$ 17,267,563	\$ 15,056,656	\$ 16,296,631	\$ 15,614,848
Licenses and Permits	446,828	405,601	381,323	363,068	370,890
Intergovernmental	323,179	569,518	241,977	577,538	753,267
Franchise Fees	1,566,401	-	1,565,484	-	-
Charges for Services	2,783,840	2,832,851	2,540,973	2,565,294	2,905,104
Fine and Forfeitures	636,486	668,891	772,752	463,778	676,431
Interest	11,688	10,374	10,218	10,774	5,824
Contributions	2,736	-	500	-	-
Miscellaneous	289,580	217,535	223,443	283,129	337,567
Sale of Assets	57,115	75,443	41,862	111,328	-
Total Revenues	<u>\$ 22,058,514</u>	<u>\$ 22,047,776</u>	<u>\$ 20,835,188</u>	<u>\$ 20,671,540</u>	<u>\$ 20,663,931</u>
EXPENDITURES					
Current Expenditures:					
General Government	\$ 4,617,018	\$ 3,696,510	\$ 3,796,704	\$ 4,255,134	\$ 3,633,642
Public Safety	10,483,329	10,699,897	10,327,350	11,664,128	12,725,966
Public Works	1,558,496	1,556,054	1,299,033	1,342,074	1,390,192
Health and Welfare	-	85,956	84,348	100,315	128,875
Culture and Recreation	944,014	997,701	861,319	959,685	2,311,038
Miscellaneous	-	-	-	684,020	779,286
Nondepartmental	565,216	477,223	395,172	-	-
Capital Outlay	290,365	128,198	354,730	215,182	7,649,738 ⁽¹⁾
Debt Service	-	-	-	1,316,861	-
Total Expenditures	<u>\$ 18,458,438</u>	<u>\$ 17,641,539</u>	<u>\$ 17,118,656</u>	<u>\$ 20,537,399</u>	<u>\$ 28,618,737</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES					
	<u>\$ 3,600,076</u>	<u>\$ 4,406,237</u>	<u>\$ 3,716,532</u>	<u>\$ 134,141</u>	<u>\$ (7,954,806)</u>
OTHER FINANCING SOURCES (USES)					
Note Proceeds	\$ -	\$ -	\$ -	\$ 1,300,000	\$ -
Operating Transfers In	-	-	-	-	164,040
Operating Transfers Out	(700,000)	(700,000)	(480,000)	(200,000)	(611,900)
Other Financial Resources	(1,318,627)	(1,227,031)	(2,383,172)	(912,644)	7,406,417 ⁽¹⁾
Total Other Financing Sources (Uses)	<u>\$ (2,018,627)</u>	<u>\$ (1,927,031)</u>	<u>\$ (2,863,172)</u>	<u>\$ 187,356</u>	<u>\$ 6,958,557</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES					
	<u>\$ 1,581,449</u>	<u>\$ 2,479,206</u>	<u>\$ 853,360</u>	<u>\$ 321,497</u>	<u>\$ (996,249)</u>
FUND BALANCES AT BEGINNING OF YEAR					
	<u>\$ 5,543,591 ⁽²⁾</u>	<u>\$ 2,989,448 ⁽²⁾</u>	<u>\$ 836,818</u>	<u>\$ (34,679)</u>	<u>\$ 961,570</u>
Rescindment of Revolving Loan Contingency					
Prior period adjustment	-	-	2,720	-	-
FUND BALANCES AT END OF YEAR	<u>\$ 7,125,040</u>	<u>\$ 5,468,654</u>	<u>\$ 1,692,898</u>	<u>\$ 836,818</u>	<u>\$ (34,679)</u>

(1) In Fiscal Year 2010, capital outlays of the City included projects providing infrastructure development pursuant to Chapter 380 Economic Development Agreements.

(2) Restated from Fiscal year 2012 due to overstatement of interest accrued for Chapter 380 Economic Development Agreements and overstatement of accounts payable.

TABLE 14 – MUNICIPAL SALES TAX HISTORY

Fiscal Year Ended	Total Collected ⁽¹⁾	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita ⁽²⁾
9/30				
2010	\$ 6,897,270	74.08%	\$ 0.5112	\$ 187.83
2011	7,315,832	78.27%	0.5395	193.61
2012	7,887,864	82.51%	0.5673	202.87
2013	8,386,700	87.73%	0.6031	210.75
2014	8,581,453	88.77%	0.5676	226.41

(1) Excludes half-cent sales tax for economic development.

(2) Based on population estimates provided by City officials.

TABLE 15 – CURRENT INVESTMENTS

As of January 31, 2015, the City's investable funds were invested in the following categories:

Description	Book Value	Market Value	% of Portfolio
TexPool	\$ 13,202,634	\$ 13,202,634	94.83%
Rio Bank	246,548	246,548	1.77%
Greater State Bank	237,503	237,503	1.71%
Lone Star National Bank	236,250	236,250	1.70%
	<u>\$ 13,922,935</u>	<u>\$ 13,922,935</u>	<u>100.00%</u>

TABLE 16 – HISTORICAL WATER CONSUMPTION (GALLONS)

Fiscal Year	Daily Average	Peak Day	Peak Month	Total Usage	Water Revenue
2010	5,087,233	7,259,000	197,299,000	1,856,840,000	\$ 4,132,623
2011	6,010,074	8,860,000	211,669,000	2,193,677,000	4,728,977
2012	5,982,047	9,704,000	217,298,000	2,183,447,000	5,665,661
2013	5,499,000	9,311,000	188,065,000	1,990,592,000	6,306,078
2014	4,804,308	7,953,000	191,476,000	1,903,879,000	6,032,689

TABLE 17 – TEN LARGEST WATER CUSTOMERS FOR FISCAL YEAR 2014 (BASED ON GALLONS CONSUMED)

Customer	Type of Industry	Water Usage (000s)	% of Total Water Usage	Water Revenue	% of Total Water Revenue
Military Highway	Water Utility	492,087	25.85%	\$ 155,973	2.59%
Hidalgo County Housing	Apartments	143,250	7.52%	138,066	2.29%
John Knox Village	Retirement Home	251,957	13.23%	129,997	2.15%
Sevilla Apartments	Apartments	105,325	5.53%	81,568	1.35%
Rancho Village	Trailer Park	83,803	4.40%	74,386	1.23%
Knapp Medical Center	Hospital	106,890	5.61%	68,071	1.13%
Rio Valley Estate Mobile	Apartments	79,311	4.17%	62,480	1.04%
Country Sunshine Park Office	Trailer Park	74,626	3.92%	61,483	1.02%
Weslaco Hills Apartments	Apartments	69,810	3.67%	50,716	0.84%
Dream World Apartments	Apartments	125,618	6.60%	17,500	0.29%
		<u>1,532,677</u>	<u>80.50%</u>	<u>\$840,241</u>	<u>13.93%</u>

TABLE 18 – MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2014)⁽¹⁾

There are hereby established the following schedules of rates for residential and commercial to be charged for treated water delivered through the system of the water department of the City:

Residential			
New Rates		Old Rates	
Inside City	Outside City	Inside City	Outside City
\$14.75 Base Fee	\$23.43 Base Fee	\$15.62 Base Fee	\$23.43 Base Fee
+ \$2.71 / 1,000 Gallons	+ \$4.07 / 1,000 Gallons	+ \$2.71 / 1,000 Gallons	+ \$4.06 / 1,000 Gallons

Commercial New Rates					
Inside City			Outside City		
Base Fee:			Base Fee:		
5/8 inch or 3/4 inch meter	\$	18.07	5/8 inch or 3/4 inch meter	\$	27.11
1 inch meter		21.01	1 inch meter		31.52
1.5 inch meter		27.14	1.5 inch meter		40.71
2 inch meter		36.24	2 inch meter		54.36
3 inch meter		59.11	3 inch meter		88.67
4 inch meter		88.94	4 inch meter		133.41
6 inch meter		156.42	6 inch meter		234.63
8 inch meter		203.04	8 inch meter		304.56
Charges per each 1,000 gallons or portions thereof:			Charges per each 1,000 gallons or portions thereof:		
0 - 15,000 gallons	\$	3.03	0 - 15,000 gallons	\$	4.55
15,000 - 15,001 gallons ⁽²⁾		9.91	15,000 - 15,001 gallons ⁽²⁾		14.87
15,002 - 30,000 gallons		3.38	15,002 - 30,000 gallons		5.07
30,000 - 35,000 gallons		3.40	30,000 - 35,000 gallons		5.10
35,000 - 35,001 gallons ⁽²⁾		9.26	35,000 - 35,001 gallons ⁽²⁾		13.89
Over 35,000 gallons		3.40	Over 35,000 gallons		5.10
Old Rates					
Inside City			Outside City		
Base Fee:			The monthly water charges for any customer (residential, commercial, multi-family, irrigation or other) located outside the corporate limits of the City of Weslaco shall be at the rate of 150% of the rate charged customers inside the corporate limits of the City.		
5/8 inch or 3/4 inch meter	\$	16.26			
1 inch meter		17.55			
1.5 inch meter		21.70			
2 inch meter		26.25			
3 inch meter		37.69			
4 inch meter		52.60			
6 inch meter		86.34			
8 inch meter		109.65			
Charges per each 1,000 gallons or portions thereof:					
0 - 15,000 gallons	\$	2.90			
15,000 - 15,001 gallons ⁽²⁾		13.87			
15,002 - 30,000 gallons		3.23			
30,000 - 35,000 gallons		3.26			
35,000 - 35,001 gallons ⁽²⁾		13.43			
Over 35,000 gallons		3.26			

(1) Additional rates apply for multi-family and irrigation customers.

(2) Additional fee when this level is reached.

TABLE 19 – WASTEWATER USAGE (GALLONS)

Fiscal Year	Daily Average	Monthly Average	Peak Daily Usage	Peak Monthly Usage	Total Usage	Total Revenue
2010	4,424,425	134,576,000	8,616,000	167,311,000	1,614,915,000	3,427,161
2011	4,132,803	116,623,000	7,813,000	139,485,000	1,508,473,000	3,757,393
2012	3,979,032	121,028,917	7,071,000	129,574,000	1,452,347,000	4,336,976
2013	3,731,709	113,506,167	10,422,000	124,220,000	1,362,074,000	4,727,917
2014	3,792,863	115,027,250	11,699,000	134,430,000	1,380,327,000	4,515,894

TABLE 20 – TEN LARGEST WASTEWATER CUSTOMERS FOR FISCAL YEAR 2014

Customer	Type of Industry	Wastewater Revenue	% of Total Wastewater Revenue
Hidalgo County Housing	Apartments	\$ 138,066	2.92%
John Knox Village	Retirement Home	129,997	2.75%
Ranchero Village	Apartments	74,386	1.57%
Knapp Medical Center	Hospital	68,071	1.44%
Rio Valley Estate Mobile	Trailer Park	62,480	1.32%
Country Sunshine Park Office	Trailer Park	61,483	1.30%
Snow to Sun Trailer Park	Trailer Park	43,250	0.91%
Texas Agrilife Research	Research Facility	39,676	0.84%
La Estancia Apartments	Apartments	31,126	0.66%
Weslaco Labor Camp	Apartments	30,996	0.66%
		<u>\$ 679,532</u>	<u>14.37%</u>

TABLE 21 – MONTHLY WASTEWATER RATES (EFFECTIVE OCTOBER 1, 2014)⁽¹⁾

There are hereby established the following schedules of rates for residential and commercial to be charged for wastewater delivered through the system of the water department of the City:

New Rates		Residential	Old Rates
Inside City	Outside City	Inside City	Outside City
\$14.58 Base Fee	\$23.18 Base Fee	\$23.17 Base Fee	The monthly sewer charges for any customer (residential, commercial, multi-family, institutional, laundry, or other) located outside the corporate limits of the City of Weslaco shall be at the rate of 150% of the rate charged to customers inside the corporation limit of the City.
+ \$1.77 / 1,000 Gallons	+ \$2.66 / 1,000 Gallons	+ \$2.65 / 1,000 Gallons	

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Commercial

New Rates

Inside City		Outside City	
Base Fee:	\$ 14.98	Base Fee:	\$ 22.47
Charges per each 1,000 gallons or portions thereof:		Charges per each 1,000 gallons or portions thereof:	
0 - 15,000 gallons	\$ 2.72	0 - 15,000 gallons	\$ 4.08
15,000 - 15,001 gallons ⁽²⁾	8.66	15,000 - 15,001 gallons ⁽²⁾	12.99
15,001 - 35,000 gallons	3.03	15,001 - 35,000 gallons	4.55
35,000 - 35,001 gallons ⁽²⁾	9.03	35,000 - 35,001 gallons ⁽²⁾	13.55
Over 35,000 gallons	3.03	Over 35,000 gallons	4.55

Old Rates

Inside City		Outside City	
Base Fee:	\$ 12.98	The monthly sewer charges for any customer (residential, commercial, multi-family, institutional, laundry, or other) located outside the corporate limits of the City of Weslaco shall be at the rate of 150% of the rate charged to customers inside the corporation limit of the City.	
Charges per each 1,000 gallons or portions thereof:			
0 - 15,000 gallons	\$ 2.61		
15,000 - 15,001 gallons ⁽²⁾	12.12		
15,001 - 35,000 gallons	2.91		
35,000 - 35,001 gallons ⁽²⁾	11.74		
Over 35,000 gallons	2.91		

(1) Additional rates apply for multi-family customers

(2) Additional fee when this level is reached

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TABLE 22 – WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

Revenues	For Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
Water Sales	\$ 6,032,689	\$ 6,306,078	\$ 5,665,661	\$ 4,728,977	\$ 4,132,623
Charges for Services	4,539,179	4,760,944	4,336,976	3,772,857	3,434,957
Interest Earnings	4,013	-	-	109	618,299
Miscellaneous	445,769	408,655	351,403	287,920	278,787
Total Revenues	<u>\$ 11,021,650</u>	<u>\$ 11,475,677</u>	<u>\$ 10,354,040</u>	<u>\$ 8,789,863</u>	<u>\$ 8,464,666</u>
Expenses					
Personal Services	\$ 1,785,610	\$ 1,062,036	\$ 1,031,403	\$ 1,183,182	\$ 1,209,215
Other Services and Charges	1,617,516	1,189,345	1,061,030	1,149,868	1,113,135
Supplies	1,028,125	516,692	399,232	355,096	339,157
Contractual Services - Administrative	1,180,656	3,887,549	3,354,799	3,406,838	3,329,297
Total Expenses	<u>\$ 5,611,907</u>	<u>\$ 6,655,622</u>	<u>\$ 5,846,464</u>	<u>\$ 6,094,984</u>	<u>\$ 5,990,804</u>
Net Available for Debt Service	<u>\$ 5,409,743</u>	<u>\$ 4,820,055</u>	<u>\$ 4,507,576</u>	<u>\$ 2,694,879</u>	<u>\$ 2,473,862</u>
CIP Fees	<u>727,055</u>	<u>684,808</u>	<u>680,865</u>	<u>621,306 ⁽¹⁾</u>	<u>626,884 ⁽¹⁾</u>
Net Available for Debt Service Adjusted by CIP Fees	<u>\$ 6,136,798</u>	<u>\$ 5,504,863</u>	<u>\$ 5,188,441</u>	<u>\$ 3,316,185</u>	<u>\$ 3,100,746</u>
Waterworks and Sewer System Debt Service	3,890,675	2,785,771	2,248,274	2,248,274	2,238,701
Water Customers	10,243 ⁽²⁾	10,326 ⁽²⁾	10,090 ⁽²⁾	9,972 ⁽²⁾	11,306 ⁽³⁾
Sewer Customers	9,269 ⁽²⁾	9,376 ⁽²⁾	9,171 ⁽²⁾	9,056 ⁽²⁾	10,432 ⁽³⁾
Estimated Debt Service Coverage	1.58	1.98	2.31	1.47	1.39

(1) The Waterworks and Sewer System Revenue Bonds, Series 1998 were issued on September 23, 1998 in the amount of \$5,930,000. These bonds will be paid from a Capital Improvement Program ("CIP") fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new wastewater plant on the south side of town has been paid for. The CIP fee is recognized as non-operating revenue.

(2) For FYE 2011 through 2014, the customer count provided for the City of Weslaco only.

(3) For FYE 2010, the customer count includes the City of Weslaco, Military Highway Water Supply and North Alamo Water Supply Corporation.

TABLE 23 – COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2015-2018	\$ 452,514
Coverage of Average Annual Requirements by 2014 Net Income (Audited)	13.56 x
Coverage of Average Annual Requirements by 2013 Net Income (Audited)	12.32 x
Maximum Principal and Interest Requirements, 2015	\$ 457,691
Coverage of Maximum Annual Requirements by 2014 Net Income (Audited)	13.41 x
Coverage of Maximum Annual Requirements by 2013 Net Income (Audited)	12.19 x
Waterworks and Sewer System Revenue Bonds Outstanding at 9/30/2014	\$ 1,700,000
Reserve Fund Balance as of September 30, 2014	\$ 469,687

TABLE 24 – VALUE OF THE SYSTEM

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
Waterworks System					
Land	\$ 163,584	\$ 163,584	\$ 163,584	\$ 163,584	\$ 163,584
Buildings	236,047	236,047	236,047	236,047	236,047
Other Improvements	13,079,259	12,533,905	12,533,905	12,533,905	12,533,905
Machinery and Equipment	4,080,582	3,847,637	3,716,402	3,622,265	3,450,941
Construction in Progress	36,800,561	24,135,069	11,269,735	4,258,082	2,761,662
Total Value	\$ 54,360,033	\$ 40,916,242	\$ 27,919,673	\$ 20,813,883	\$ 19,146,139
Less: Depreciation	11,612,884	11,100,039	10,549,288	10,031,949	9,567,849
Net System Value	\$ 42,747,149	\$ 29,816,203	\$ 17,370,385	\$ 10,781,934	\$ 9,578,290
Sewer System					
Land	\$ 501,591	\$ 501,591	\$ 501,591	\$ 501,591	\$ 501,591
Buildings	126,276	126,276	126,276	126,276	126,276
Other Improvements	27,251,808	26,949,513	26,708,969	26,708,969	26,708,969
Machinery and Equipment	1,368,321	1,368,321	1,359,048	1,284,946	1,284,946
Construction in Progress	24,991,500	21,041,599	20,285,574	19,671,790	17,391,205
Total Value	\$ 54,239,496	\$ 49,987,300	\$ 48,981,458	\$ 48,293,572	\$ 46,012,987
Less: Depreciation	15,902,576	14,925,335	13,959,162	12,997,555	12,082,862
Net System Value	38,336,920	35,061,965	35,022,296	35,296,017	33,930,125
Total Net System Value	<u>\$ 81,084,069</u>	<u>\$ 64,878,168</u>	<u>\$ 52,392,681</u>	<u>\$ 46,077,951</u>	<u>\$ 43,508,415</u>

TABLE 25 – CITY'S EQUITY IN SYSTEM

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
Resources					
Total Net System Value	\$ 81,084,069	\$ 64,878,168	\$ 52,633,225	\$ 46,077,951	\$ 43,508,415
Cash and Investments	3,002,971	2,250,565	3,833,297	1,213,140	1,131,718
Other Resources ⁽¹⁾	18,376,347	21,653,800	32,185,653	4,527,354	8,119,138
Total Resources	<u>\$102,463,387</u>	<u>\$ 88,782,533</u>	<u>\$ 88,652,175</u>	<u>\$ 51,818,445</u>	<u>\$ 52,759,271</u>
Obligations					
Revenue Bonds Payable	\$ 2,482,149	\$ 1,319,312	\$ 1,430,024	\$ 940,492	\$ 1,154,004
GO/CO Debt	62,788,008	55,459,119	56,746,188	23,974,977	24,857,060
Other Obligations	5,910,006	3,426,506	3,598,506	3,028,708	3,644,186
Total Resources	<u>\$ 71,180,163</u>	<u>\$ 60,204,937</u>	<u>\$ 61,774,718</u>	<u>\$ 27,944,177</u>	<u>\$ 29,655,250</u>
City's Equity in System	<u>\$ 31,283,224</u>	<u>\$ 28,577,596</u>	<u>\$ 26,877,457</u>	<u>\$ 23,874,268</u>	<u>\$ 23,104,021</u>
Percentage City's Equity in System	30.53%	32.19%	30.32%	46.07%	43.79%

(1) Includes construction fund.

PART IV

AUDIT SINGLE SECTION

**SCHEDULE OF FEDERAL
AND
STATE FINANCIAL ASSISTANCE**

CITY OF WESLACO, TEXAS
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Program or Award Amount
<u>FEDERAL ASSISTANCE</u>			
<u>U.S. Department of Justice</u>			
Direct Program:			
Drug Enforcement Administration	16.810	2014	\$ 17,202
Drug Enforcement Administration	16.810	2013	17,202
U.S. Marshals Service-Joint Task Force	16.813	M-13-D79-0-000770	15,500
Federal Bureau of Investigation (Safe Streets)	16.300	281D-SA-C46020	10,000
Federal Bureau of Investigation (Safe Streets)	16.300	281D-SA-C46020	20,000
Bulletproof Vest Partnership	16.813	2009-BUBX-09049588	2,805
Bulletproof Vest Partnership	16.813	2011-BUBX-11058146	8,783
Bulletproof Vest Partnership	16.813	2012-BUBX-12064733	3,127
Edward Byrne Memorial (Non-Recovery)	16.738	2009-DJ-BX-1174	17,135
Total U.S. Department of Justice			<u>111,754</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Texas Department of Commerce:			
Revolving Fund Program	14.218		<u>254,547</u>
<u>Federal Communications Commission</u>			
Passed through the Universal Service Administrative Company:			
* USAC Schools and Libraries E-Rate	2006-10-08	141687	<u>137,612</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the Texas Department of Public Safety's Division of Emergency Management			
Hazard Mitigation Grant Program	97.039	HMGP-DR-4029-020	92,250
Hazard Mitigation Grant Program (SDP)	97.039	HMGP-DR-1791-134	118,473
Hazard Mitigation Grant Program (LB)	97.039	HMGP-DR-1791-119	116,250
Passed through the Federal Emergency Management Agency (FEMA)			
2010 Stone Garden	97.067	2010	73,664
2011 Stone Garden	97.067	EMW-2011-SS-0019	53,830
2012 Stone Garden	97.067	EMW-2012-SS-0018-S01	89,322
			<u>543,789</u>

(1) Loans are made to businesses from payments received from previous loans to businesses and from interest income on the loans.

* Denotes Major Programs

Accrued (Deferred) Revenue at October 1, 2013	Grant Revenues Received	Matching & Miscellaneous Revenues	Grant Expendi- tures/Adj.	Other Expendi- tures	Accrued (Deferred) Revenue at September 30, 2014
\$ -	\$ 17,202	\$ 12,916	\$ 17,202	\$ 12,916	\$ -
17,202	17,202	-	-	-	-
-	-	-	-	-	-
2,482	2,482	-	-	-	-
-	12,417	-	18,334	-	5,917
2,805	2,805	-	-	-	-
8,783	8,783	-	-	-	-
3,127	3,127	-	-	-	-
17,135	-	-	-	-	17,135
<u>51,534</u>	<u>64,018</u>	<u>12,916</u>	<u>35,536</u>	<u>12,916</u>	<u>23,052</u>
-	-	-	-	-	-
4,601	32,314	-	27,713	-	-
-	-	-	-	-	-
29,618	-	-	-	-	29,618
29,063	-	-	-	-	29,063
-	-	-	-	-	-
28,996	28,996	-	-	-	-
-	68,276	-	68,276	-	-
<u>87,677</u>	<u>97,272</u>	<u>-</u>	<u>68,276</u>	<u>-</u>	<u>58,681</u>

CITY OF WESLACO, TEXAS
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Program or Award Amount
<u>U.S. Department of Federal Aviation</u>			
<u>Administrative (FAA)</u>			
Passed Through Texas Department of Transportation-Aviation Division			
Ramp Grant	20.106	M1421WESLA	\$ 50,000
Airport Runway-Land	20.106	M1121WESLA	20,000
Airport Runway-Construction	20.106	M1321WESLA	7,239,520
Total Federal Aviation Administration			<u>7,309,520</u>
<u>Federal Emergency Management Agency</u>			
Passed Through Texas Department of Public Safety Division			
Emergency Management Disaster Relief (Hurricane Dolly)	97.036	DR-1780-TX	146,297
Total Emergency Management			<u>146,297</u>
<u>Urban and Rural Economic Development</u>			
<u>(HBCU Set-Aside)</u>	93.570	N/A	384,861
Total Federal Assistance			<u>\$ 8,888,380</u>
<u>STATE ASSISTANCE</u>			
<u>Texas Commission on Environmental Quality</u>			
Texas A&M University-Kingsville		12-0103	<u>28,636</u>
<u>Texas Department of Public Safety</u>			
Division of Emergency Management			
Border Star V (2011)		LBSP-11-0038	18,662
Border Star V (2012)		LBSP-12-0061	15,000
Border Star V (2013)		LBSP-13-0064	6,500
Border Star V (2014)		LBSP-14-0060	40,000
Police Traffic Safety Grant		IDM-RPR-SBK-00	1,384
Total Texas Department of Public Safety			<u>81,546</u>

Accrued (Deferred) Revenue at October 1, 2013	Grant Revenues Received	Matching & Miscellaneous Revenues	Grant Expendi- tures	Other Expendi- tures	Accrued (Deferred) Revenue at September 30, 2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	16,531	-	16,531
-	-	-	16,531	-	16,531
-	-	-	-	-	-
-	-	-	-	-	-
\$ 143,812	\$ 193,604	\$ 12,916	\$ 148,056	\$ 12,916	\$ 98,264
1,098	2,951	-	1,853	-	-
(1,956)	-	-	1,956	-	-
-	8,377	-	17,152	-	8,775
-	-	-	6,500	-	6,500
-	-	-	35,701	-	35,701
-	1,384	-	1,384	-	-
(1,956)	9,761	-	62,693	-	50,976

CITY OF WESLACO, TEXAS
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Program or Award Amount
<u>Texas General Land Office</u>			
Disaster Recovery Grant Program		10-5306-000-5314 (2)	\$ 600,000
<u>Texas State Parks & Wildlife Department</u>			
Recreation Grants-Valley Nature Center (Grants-in-Aid)		51-000056	400,000
Recreation Grants-Boys & Girls Club (Grants-in-Aid)		51-000065 **	567,890
Total Texas State Parks & Wildlife			<u>967,890</u>
<u>Texas Comptroller of Public Accounts</u>			
LEOSE (Travel & Training)			<u>4,317</u>
Total State Assistance			<u>1,682,389</u>
Total Federal and State Assistance			<u>\$ 10,570,769</u>

** The Boys and Girls Club monies are held in trust in the General Fund.

(2) Prior Period Adjustment (Note V)

Accrued (Deferred) Revenue at October 1, 2013	Grant Revenues Received	Matching & Miscellaneous Revenues	Grant Expendi- tures	Other Expendi- tures	Accrued (Deferred) Revenue at September 30, 2014
<u>\$ 503,767</u>	<u>\$ 463,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,604</u>
-	-	-	-	-	-
<u>(511,845)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(511,845)</u>
<u>(511,845)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(511,845)</u>
-	4,317	84	4,317	84	-
<u>(8,936)</u>	<u>480,192</u>	<u>84</u>	<u>68,863</u>	<u>84</u>	<u>(420,265)</u>
<u>\$ 134,876</u>	<u>\$ 673,796</u>	<u>\$ 13,000</u>	<u>\$ 216,919</u>	<u>\$ 13,000</u>	<u>\$ (322,001)</u>

**NOTES TO SCHEDULE OF FEDERAL AND STATE
FINANCIAL ASSISTANCE**

CITY OF WESLACO
NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2014

1 General

The accompanying Schedule of Federal Financial Assistance Programs presents the activity of all the Federal Financial Assistance Programs of the City of Weslaco, Texas. The City reporting entity is defined in Note A (1) to the City's general purpose financial statements.

2 Basis of Accounting

The accompanying Schedule of Federal Financial Assistance Programs is presented using the modified accrual basis of accounting, which is described in Note A (4) to the City's general purpose financial statements.

RECONCILIATION TO FINANCIAL STATEMENTS

GRANT/PROGRAM TITLE	CFDA	GRANTOR NUMBER	REVENUE AMOUNT
<u>FEDERAL ASSISTANCE</u>			
<u>U.S. Department of Justice</u>			
Drug Enforcement Administration	16.810	2014	\$ 17,202
Federal Bureau of Investigation (Safe Streets)	16.300	281D-SA-C46020	18,334
Total U.S. Department of Justice			<u>35,536</u>
<u>Federal Communications Commission</u>			
USAC Schools & Libraries E-Rate		141687	<u>27,713</u>
<u>U.S. Department of Homeland Security</u>			
2012 Stone Garden	97.067	EMW-2012-SS-0018-501	<u>68,276</u>
<u>Federal Emergency Management Agency</u>			
Emergency Management Disaster Relief (Hurricane Dolly)	97.036	DR-1780-TX	16,531
Total Federal Emergency Management Agency			<u>16,531</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 148,056</u>

CITY OF WESLACO
NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2014

RECONCILIATION TO FINANCIAL STATEMENTS

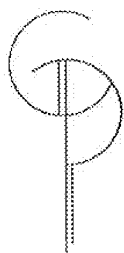
<u>GRANT/PROGRAM TITLE</u>	<u>CFDA</u>	<u>GRANTOR NUMBER</u>	<u>REVENUE AMOUNT</u>
<u>STATE ASSISTANCE</u>			
<u>Texas Commission on Environmental Quality</u>			
Texas A&M University-Kingsville		12-0103	\$ 1,853
<u>Texas Department of Public Safety</u>			
Border Star V (2011)		LBSP-11-0038	1,956
Border Star V (2012)		LBSP-11-0061	17,152
Border Star V (2013)		LBSP-11-0064	6,500
Border Star V (2014)		LBSP-11-0060	35,701
Police Traffic Safety Grant		IDM-RFR-SBK-000	1,384
			62,693
<u>Texas Comptroller of Public Accounts</u>			
LEOSE (Travel & Training)		5442-015	4,317
			\$ 68,863
			TOTAL STATE ASSISTANCE
			\$ 216,919
			TOTAL FEDERAL AND STATE ASSISTANCE

TOTAL FEDERAL AND STATE ASSISTANCE **\$ 216,919**

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES	(PAGE 15)
Capital Grants and Contributions	
Operating Grants and Contributions	\$ 233,899
Capital Grants and Contributions	463,568
SUBTOTAL	697,467
LESS: OTHER REIMBURSABLE GRANTS	(480,548)
TOTAL	\$ 216,919
	\$ 216,919

OTHER REIMBURSABLE GRANTS:	
LRGV REGIONAL ADVISORY	\$ 5,390
COUNTY OF HIDALGO	374,288
COUNTY OF HIDALGO (URBAN COUNTY)	92,780
OTHER GRANTS	8,090
TOTAL OTHER REIMBURSABLE GRANTS	\$ 480,548

**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**



GARCIA & PEÑA

Certified Public Accountants
P.O. Box 8032

301 West 4th
Weslaco, Texas 78599

956-969-1433 • Fax 956-968-1467 • 956-421-4601

Manuel B. Garcia, CPA
Jaime X. Peña, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and
Members of the City Commission
City of Weslaco
255 S. Kansas
Weslaco, Texas 78596

Honorable Mayor and Members of the City Commission:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of September 30, 2014, Texas basic financial statements, and have issued our report thereon dated May 5, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Weslaco, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Weslaco, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Weslaco, Texas' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and
Members of the City Commission

Compliance and other Matters

As part of obtaining reasonable assurance about whether the City of Weslaco, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Garcia & Pena
Certified Public Accountants

May 5, 2015

**CITY OF WESLACO, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

SECTION 1- SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

* Significant deficiency (ies) identified _____ Yes X No

*Significant deficiency (ies) identified that are considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statement notes? _____ Yes X No

Federal Awards

Internal control over major programs:

* Material weakness (es) identified: _____ Yes X No

*Reportable condition (s) identified that are considered to be material weaknesses? _____ Yes X No

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133? _____ Yes X No

CFDA Number

Name of Federal Program or Cluster

None

None

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee: X Yes _____ No

**CITY OF WESLACO, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2014
Section II-Financial Statement Findings**

NO DEFICIENCIES NOTED